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# THE PACIFIC RAILROAD.

THE RELATIONS

EXISTING BETWEEN IT AND THE

GOVERNMENT OF THE UNITED STATES.

BY

HENRY V. POOR.

NEW-YORK:

S. W. GREEN, PRINTER, 16 AND 18 JACOB STREET.

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It is impossible to discuss, intelligibly, the question of the relations between the government of the United States and the Pacific Railroad Companies, and of their respective legal obligations and rights, under and by virtue of the act incorporating said companies, without a full and careful consideration of the condition of the country at the time of the passage of the bill and the amendments thereto, as nearly all the arguments urged in favor of or against the proposed measure were drawn from such condition, which was one of civil war threatening the very existence of the nation. All the mind and strength of the people of the North were put forth for self-preservation and the maintenance of their territorial unity. One of the means to this end was a railroad across the continent to unite its two great slopes. It was inaugurated, on the part of government, almost wholly as a military measure. The appropriations made to it were regarded as fully justified on such ground. Its construction was committed to a private company, or companies, for the reason of their greater competency to construct and manage works that were to be commercial as well as military in their character. As the value of the road, for whatever purposes, would be shared equally by the nation, it was but just that its cost should, as far as necessary, be assessed equally upon the nation.

All these considerations entered into and gave the peculiar form of language to the bill that was finally passed. Strange to say, these considerations are now almost wholly forgotten, and by none more so than by the government which inaugurated and supplied the means for the construction of the roads, and which is supposed to be always connusant of its acts in the past. But this very government now seeks to construe the law, not by reasons and conditions existing when it was enacted, but by those now existing, and which are wholly different. But the companies need not shun a legal contest. They can be compelled to do only what they agreed to do. Government was competent to make an outright gift of its bonds, if it chose—or to give credit for the interest, as well as principal, for the whole time the latter had to run. There is no privity between the holders of the bonds of the government and the railroad companies. The attorney-general unfortunately knows nothing of all this. He was not in a position to know any thing of the feeling or action of the North when the railroad bill became a law. He has, consequently, assumed both his law and his facts to support his conclusions.

The railroad companies are perfectly willing to join issue with him on all the questions he has raised. But a rigid construction of the law, while it would fully maintain their legal positions, would now satisfy no one—not the government, as it would still be paying, yearly, a large sum by way of interest, without receiving what would appear to be an adequate equivalent in return. It would not now satisfy the companies, although it would fully vindicate their rights, as it would still leave them subject to a repetition of attacks similar to that now made on them, and create constant distrust as to the value of their securities, which have passed almost wholly into the hands of innocent parties, and are scattered over the world. The reasonableness and equity of their position, consequently, must be restated and established, as they can be, beyond controversy or cavil. It must be shown that it was never intended that they should pay interest on the government bonds “except in manner provided”—to wit, by the transportation of government mails, troops, and munitions of war; that they ought not to pay the interest in any other manner; that the services ren-

dered and to be rendered to the government are, what it was anticipated they would be, a full and ample equivalent for any and all aid extended to the road; and that the positions taken by the attorney-general—that “it is incredible that Congress should have intended to assume so large a liability, with so small a provision for its reimbursement”—“that the Union Pacific Railroad Company is substantially an act of bounty on the part of the government”—“that the government and company are in the relations of *donor* and *donee*,” and “that, consequently, the government may lawfully claim from the company the interest on its bonds as it falls due”—are wholly gratuitous and unfounded assumptions, while his reasoning from these premises is absurd and puerile to the last degree. The controversy with the companies was not one of their seeking. A grievous wrong has been done them, and they should not now rest till their positions and rights are fully vindicated and accorded, not only by the action, but by the conviction, both of the government and the people.

As already stated, the arguments made use of, when the subject of the Pacific Railroad was under discussion and the company chartered, were drawn from the condition of the country, then convulsed and threatened with dismemberment by civil war; the saving that it would effect in the transportation of troops, subsistence, and munitions, and the advantages that would result to the nation, in opening up to settlement and cultivation of immense areas of territory hitherto inaccessible, and by connecting by a grand highway the oceans that front the two great slopes of the continent. The subject, however, was by no means a new one. For ten years previous, a railroad to the Pacific coast had been constantly urged as a military and commercial necessity; but no progress was made toward its construction. Elaborate examinations had been made at the cost to the government of many millions of dollars. Several routes were proposed, although it was felt that only *one* road could or should be built. The bitterest local jealousies prevailed. The Southern States insisted upon one route, the Middle States upon another, and the extreme North upon another. No route proposed could command a majority in

Congress. Could a majority for any particular one have been obtained, the constitutional bugbear stood in the way of a direct appropriation to it of money; at the same time it was felt that, without government aid, private capital would not advance a dollar. The undertaking was regarded as altogether too vast for individual enterprise. There was no precedent for a work of such immense magnitude. If constructed, no one had any confidence that it would make its current expenses, or that it could be maintained by any hand less powerful than that of the Federal Government. The two loftiest mountain ranges on the continent had to be overcome. It was generally believed that the conditions necessary to the maintenance of a railroad over them did not exist. While, therefore, the importance of such a work was universally admitted, and while it was the subject of constant discussion, no progress was made, apparently, from year to year toward its accomplishment.

Early in 1861, the war of the rebellion broke out. With the civil, foreign wars were most imminent—the Trent affair showed *how* imminent. Another and similar occasion might any day arise. Both England and France regarded the country as dismembered, and the crisis as their opportunity. With the characteristic indecision of a trading and commercial nation, England waited till we should fall to pieces, when her *rôle* would be that of a *wrecker* rather than that of an assailant. France actually proceeded upon the assumption that we had ceased to exist as a nation, and invaded Mexico for the purpose of being in a position to assail our south-western frontier. But the North, instead of sinking, rose with the emergency. It struck for empire as well as for existence. One of the first questions considered was the preservation of its Pacific possessions. It was seen that, cut off from communication with them by sea, they could be retained only by means of a railroad, which should unite them, through our own territory, with the Eastern States. There was no longer a doubt as to the right to appropriate money for the opening of such a communication, no more than there was in appropriating money for the building of ships or forts, or for the raising and maintaining

of armies. *The paramount necessity was law.* The war at the same time put an end to all other questions which had stood in the way of the work. The South was no longer in Congress. The North was reconciled to one route, which, commencing at the hundredth meridian, was provided with branch lines, so as to be almost equally accessible from all portions of the loyal States. The war, while it created the necessity of the road, had greatly enlarged the ideas of the people as to the wealth of the country and of their capacity for great enterprises. What were the few millions that were required for a Pacific railroad, compared with the monthly expenditures that were then being made for the war? All obstacles to the inauguration of this great enterprise were removed. The only questions left for consideration were, By whom should it be constructed and managed? and Upon what basis should the means for its construction be supplied?

By general consent it was agreed that, for reasons already recited, it should be committed to the charge of a private company, but upon terms that would bring to it the largest amount of private experience and capital. After a full consideration of the whole subject, it was agreed that government should advance its bonds, bearing six per cent interest, and payable in thirty years, and that the road should do the government transportation at reasonable rates; that the charges for this transportation, which it was supposed would equal twice the accruing interest, should be credited to the company; and that the whole amount of principal and interest found to be due at the expiration of thirty years, should be a debt against the company, to be secured by a mortgage on the road. A final settlement, for very good reasons, was not to be made till the bonds fell due. It could not well be made till then. Government, one year, might be largely in debt to the company, in the matter of transportation. In another, it might be largely its creditor. It was felt that the utmost indulgence should be extended on the matter of interest, if not earned, in the mean time, by charge of transportation. At the end of thirty years, there would be 75,000,000 of people in the United States. The commerce of the country at the end of this period could not fail to make the road good

property. The security for the loan, principal and interest, was perfect. The conviction, too, was universal that, unless such indulgence were extended, not a dollar of private capital could be secured in aid of the road.

Such is a brief sketch of the early history of this great enterprise. That it is a truthful one, the extracts, which we give herewith, from the debates upon the bill in both Houses of Congress, will fully prove. Every line of them has been carefully examined to see whether any remarks or statements were made at variance with the general drift of the arguments used. On the one side, it was contended that the work was a military necessity, and that it would prove a measure of economy in the matter of transportation, and that the appropriations made to it were under war-powers of the government. None of these positions were controverted. The bill was opposed on the ground that the condition of the country, at the time, did not warrant such an immense expenditure, as every dollar expended upon the road would, as far as any direct revenue was concerned, be wholly lost.

The debate on the bill was opened in the House by the Hon. A. A. Sargent, of California, a member of the Select Committee on the Pacific Railroad. It was an exhaustive statement of the whole question, as the following extracts will show. (See *Congressional Globe*, p. 599, Part II., Session 2d, 37th Congress.)

"The position of the people of California, and of the whole Pacific coast," said Mr. Sargent, "is a most unenviable one. In case of foreign war, we possess neither the power nor means to successfully defend ourselves from the assaults of our foes. The isthmus route, now available and open, will then be closed. Our only water communication will be *via* Cape Horn—a journey of over fifteen thousand miles, requiring from four to five months to make the passage in clipper ships, assailable by the enemy's vessels its whole length. Even supposing a vessel fortunate enough to escape the attention of the enemy's cruisers on the Atlantic, she must then run the gauntlet of the Pacific; and on arriving at San Francisco, how will she pass the enemy's blockading fleet? No, sir; the first result of a foreign war will be the entire destruction of our commerce.

"Let us see what are the inducements to a campaign for conquest. We have there in the centre of the Pacific coast a port and harbor hardly equaled by

that of any other country on the globe—a noble bay, stretching away, as I have said, forty miles to the southward, and twenty to the northward, completely land-locked, in which the navies of the world might ride in safety. This harbor, accessible only by a narrow entrance, and forming the key which unlocks or locks the inland navigation to a rich valley four hundred miles in length and fifty in width—the key which holds possession of the richest mining territory of gold and silver in the known world, whose annual yield of the precious metals is not far short of \$100,000,000—a territory which employs a half-million of people in its development; a magnificent city of nearly one hundred thousand inhabitants lies at its entrance, with its wharves and docks, its custom-house and mint, its costly public buildings and private dwellings; commanding this entrance are a system of fortifications on which millions of dollars have been expended, and which, when fully completed under the supervision of a great power which was determined to make them such, could be made as impregnable as the rock of Gibraltar.

“At the head of this noble bay our enemy would find to tempt him a capacious navy-yard, replete with every modern convenience and appliance necessary for his purposes; a dry-dock within which to repair his ships; an arsenal; barracks for his soldiers; in short, every thing necessary to enable him to maintain his position, all built and ready fitted to his hand. *Holding these, he holds California; he holds the Pacific coast; he holds the gold and silver of the mountains; he holds the commercial centre of the Pacific; the great mart of trade; the growing, glorious empire of the West; the pride of the Union, and its earnest, faithful adherent.* Are these advantages which a grasping, powerful enemy would scorn to possess himself of? Is not this a prize worthy ambition? Will you expose your jewels to every thief, and then stupidly wonder that they are stolen?

“Our enemy in possession of this harbor, of these fortifications, of the navy-yard, dry-dock, and arsenal, and in command of the inland navigation, what could the people of California do without cannon or ammunition, and without the means of procuring them? How could they protect themselves? Sir, they would have a choice of evils—starvation, surrender to foreign domination, or an exodus across the Sierras. I am no alarmist, nor do I desire to add one jot or tittle to the embarrassments under which our beloved country is now laboring. But I believe I speak the words of sober truth, when I say that, had the late Trent imbroglio not admitted of a peaceful solution; had the views and convictions of many of my friends and associates on this floor been sustained by a warlike answer to the demands of Great Britain, or a refusal to deliver up the persons of the Confederate ambassadors, that to-day, even as we sit here, this first blow would have been struck, and the harbor of San Francisco sealed.

“To illustrate my views fully upon the financial workings of this bill, I have prepared a table of the amount of bonds to be issued each year, until the entire road is completed. It will be observed that no payment of these bonds is to be made under thirty years from their date, *only the interest upon them as it accrues*; and that their issuance is in fact, aside from their interest, a mere loan of the credit of the government.

“As many of these bonds will not be issued under twelve years from this date, to wit, \$60,800,000, and the bulk of them not till after eight years, it



follows that they will not mature under from thirty to forty-two years from the passage of the bill. *The actual burdens upon the treasury before maturity will be as follows, they being for interest exclusively :*

In 1865.....	\$168,000	In 1871.....	\$2,363,000
In 1866.....	504,000	In 1872.....	2,699,000
In 1867.....	804,000	In 1873.....	3,035,000
In 1868.....	1,283,000	In 1874.....	3,371,000
In 1869.....	1,787,000	In 1875.....	3,884,000
In 1870.....	2,075,000		

"Thus the highest rate of interest upon a completed road *will be less than four millions of dollars, and our yearly expenses are over six millions of dollars for mails and transportation. True economy calls for this expenditure, as well as considerations of convenience, safety, and commercial advantage. Are these the fearful expenditures that frighten gentlemen when they hear this subject mentioned?* The bill further provides that these sums shall be repaid the government in transportation of mails, military stores, troops, etc., and that government may, in case of war, take possession of and use the road for its purposes. Even if it takes ten years to build the road, we do not wait so long for its benefits. Every mile that is constructed bridges the gap between the two oceans, and adds new security to our Pacific possessions, by increasing the facilities and diminishing the cost of defending and supplying them.

"It is believed that the government business, at the expiration of ten years, between the Atlantic States and Nebraska, Colorado, Utah, Nevada, Washington, Oregon, and California, in addition to the mails, will have increased sufficiently to compensate for this annual interest ; while the legitimate business of the road ought to be sufficient in magnitude to afford a sinking fund for the repayment of the principal. Under such an arrangement, how can the United States become losers ? Or how can this grant operate as a burden on the treasury ?

"We have just escaped the brink of a precipice—the horrors of a war with the most powerful nation on the earth ; a war which, while it would affect the Atlantic States disastrously, would have brought total ruin and desolation to the inhabitants of the Pacific coast, unless they threw themselves without resistance into the arms of the foreign foe. *It is the right of those people to ask, it is the duty of Congress to provide, means of protection ; and we believe that protection is best afforded, can, in fact, be only afforded by the immediate construction of a railroad connecting the Atlantic States with those of the Pacific. If, we are expected to repel invasion, we must be provided with the necessary means. We must either have vast store-houses in which to gather grain, food, and clothing sufficient for many years ; we must have an accumulation of ordnance, ammunition, and material of war sufficient to maintain a five years' war if necessary ; or we must have a railroad over which to transport these supplies. I believe it is conceded that any attempt to undertake the transportation of these supplies and stores by wagons across the territories is idle.*

"If the opinion I have assumed be correct, to wit, that this work is a military necessity, it is *as properly the subject of immediate legislation as are our own forts and seaboard defenses. It can not be commenced too soon ; and the length of*

*time required to construct it should be the strongest argument in favor of immediate action.* You may on this side be able to wait ten years without feeling its necessity. But, sir, we upon the other side will wait in silent suspense, in fear and trembling. Why should you hesitate longer to perform this great act of justice to your brethren of the Pacific? *Can we afford to lose California and our Pacific possessions?* Are they not worth the cost of a railroad? How will your money market endure the deprivation of our gold? How your manufactories sustain the loss of our trade, as they would with a change of tariff to suit foreign producers? *Would not your debt be lightened by developing your intermediate territories?* If a war should come, the cost of keeping your Pacific States, even if you succeeded in the effort, which would be impossible, *would amount to treble the cost of this road.* Is the empire we have founded on the Pacific not worth protection? If not, why was it established?"

In another speech, (see *Congressional Globe*, page 1594, Part II., 2d Session of Thirty-seventh Congress,) he said,

"When the road is fully completed, and we are experiencing all the security and commercial advantages which it will afford, the annual interest will be less than \$4,000,000; and that sum will be but gradually reached year after year. *The War Department has paid out, on an average, \$5,000,000 per year, for the past five years, for transportation to the Pacific coast, and the mails cost \$1,000,000 at their present reduced rates. The saving of the government would be two millions per year on these items alone. As this road progresses west from the Mississippi, and east from California, it will be available to the government for transportation; and I have no doubt that the services it will render will very soon absorb the interest money to be paid under this bill.*

"The interests of government are carefully protected by this bill. The issue and delivery of the bonds to the company *ipso facto* creates a just lien or mortgage in favor of the United States; and in case of refusal on the part of the company to pay the bonds when due, according to the provisions of the bill, the Secretary of the Treasury has a right to take possession of the road and franchises for the use of the government."

Mr. Sargent's speech may be taken as an epitome of the whole debate, which occupied hundreds of pages of the *Congressional Globe*, both for the Thirty-seventh and Thirty-eighth Congresses.

"*We must have,*" said he, "*an accumulation of ordnance, ammunition, and material of war sufficient to maintain a five years' war if necessary; or we must have a railroad over which to transport these supplies.* It is the duty of Congress to provide means of protection; and we believe protection is best afforded—can, in fact, be afforded only by the immediate construction of a railroad connecting the Atlantic States with those of the Pacific. *This work is a military necessity, and is as properly*

*the subject of immediate legislation as are our own forts and sea defenses."*

The financial argument was equally clear : " The War Department has paid out, on an average, \$5,000,000 per year for the past five years, for transportation to the Pacific coast. The mails cost \$1,000,000 more at the present reduced rate. The saving of the government would be two millions a year in these items alone. As this road progresses west from the Mississippi, and east from California, it will be available for government transportation." " The only burden upon the government, till the end of thirty years, would be the interest accruing on its bonds, and," said he, "*I have no doubt that the services it will render will very soon absorb the interest money to be paid under this bill.*"

Mr. Sargent was followed by Hon. James H. Campbell, o. Pennsylvania, Chairman of the House Committee on the "Pacific Railroad." He accompanied his report of the bill by a speech from which the following extracts are taken. (See *Congressional Globe*, p. 1578, Part II., Session 2d, Thirty-seventh Congress.)

" If we would protect," said Mr. Campbell, " our vast possessions and secure our proportion of the trade of the world, we must be enterprising, bold, vigorous, as well as sagacious. Steam applied to transportation by land and water has become almost universal among civilized nations. *The only way to secure economy, celerity of movement, and certainty, is to employ steam.* This new element of power has been brought into requisition in all the departments of life. During the existing rebellion, we have been enabled, by means of steamboats and railroads, to concentrate more decisive action on any given point in three months, than otherwise could have been done within one year ; and this, too, at one fourth the cost.

*" On the ground of economy, which all admit to be of the first moment in the present position of public affairs, the construction of a Pacific railroad will save the government annually a large sum, which truth I now propose to demonstrate.*

" General Samuel R. Curtis, in 1860, then the very able Chairman of the House Committee on the Pacific Railroad, estimated the annual service required by government, and which could be better performed by a railway to the Pacific, at \$5,000,000 for army and navy transportation, and \$1,500,000 for postal service, amounting together to \$6,500,000. But as this estimate was made from approximation, and not from actual expenditures, as per returns from the various departments, the real figures show, so far as we have been able to procure them, that it was under the actual outlay. The following table will show the cost to the United States for the transportation

of troops and supplies between the Mississippi River and the Pacific coast, per annum, for the past five years, beginning and ending with the fiscal year. It will be observed that it is in reply to a resolution of inquiry addressed to the Secretary of War by the House. (See House Executive Document, No. 80.)

“WAR DEPARTMENT,

“WASHINGTON CITY, D. C., March 18, 1862.

“SIR: In compliance with the resolution of the House of Representatives of the 19th instant, I have the honor to transmit herewith a communication of the Quartermaster-General, covering a report ‘showing the cost to the government for the transportation, per annum, for the last five years, by steam or otherwise, for troops and supplies, between the Mississippi River and the Pacific coast, as well as intermediate points.’

“Very respectfully, your obedient servant, EDWIN M. STANTON,

*Secretary of War.*

“Hon. GALUSHA A. GROW,

*Speaker of the House of Representatives.”*

FISCAL YEAR 1857: COMMENCING JULY 1, 1856, AND ENDING JUNE 30, 1857.

Clothing.....	\$47,069 33	
Subsistence.....	483,977 24	
Ordnance.....	46,810 48	
Troops and other supplies.....	1,523,510 26	
	—————	\$2,101,367 31

FISCAL YEAR 1858: COMMENCING JULY 1, 1857, AND ENDING JUNE 30, 1858.

Clothing.....	\$49,051 41	
Subsistence.....	728,234 14	
Ordnance.....	33,456 47	
Troops and other supplies.....	3,151,106 38	
	—————	3,961,848 40

FISCAL YEAR 1859: COMMENCING JULY 1, 1858, AND ENDING JUNE 30, 1859

Clothing.....	\$125,106 59	
Subsistence.....	1,682,719 49	
Ordnance.....	47,851 44	
Troops and other supplies.....	2,463,873 43	
	—————	4,319,550 95

FISCAL YEAR 1860: FROM JULY 1, 1859, TO JUNE 30, 1860.

Clothing.....	\$94,397 09	
Subsistence.....	556,954 77	
Ordnance.....	29,651 47	
Troops and other supplies.....	1,479,584 94	
	—————	2,160,588 27

FISCAL YEAR 1861: FROM JULY 1, 1860, TO JUNE 30, 1861.

Clothing.....	\$27,695 32
Subsistence.....	423,603 36

Ordnance.....	\$16,624 78
Troops and other supplies.....	1,035,875 63
	<hr/> \$1,503,799 09
	<hr/> \$14,047,154 02

"Showing an aggregate of \$14,047,154.02 for five years, or \$2,809,430.80 per annum. By reference to the note appended to the return, it will be found that the Secretary of War adds:

"Large expenditures appertaining to this statement have been made at New-York for California, at New-Orleans for Texas, and other points in the East for Utah and New-Mexico, the exact amount of which can not be ascertained except by reference to the vouchers in the office of the third auditor of the treasury, and which can not be done without causing great delay.'

"The 'large expenditures' referred to in this note, and which are not included in the return, may be explained by the fact that the freight contracted to be delivered by Russell, Majors & Co., to certain posts in Utah, Nebraska, Kansas, and New-Mexico, is not included in quartermaster's supplies, and the amount, as the honorable secretary informs us, could not be obtained 'without causing great delay.' But by referring to the parties themselves, or those best acquainted with the figures, we have, in round numbers, the following results:

"Gross amount paid contractors for freight from the Missouri River to the forts on the plains, and in Utah and New-Mexico, as obtained from a member of the firm of Russell, Majors & Waddell, who were the contractors for 1858, 1859, and 1860: 1858, \$4,000,000; 1859, \$3,000,000; 1860, \$1,500,000; 1861, not ascertained; 1862, estimate at least six millions.

"The amount for 1858 was larger than in 1859 and 1860, because of the Utah war, some five thousand men being then in the field. The estimate for 1862 is large because of the troops now employed in New-Mexico, being double the number of those in Utah in 1858.

"The foregoing estimates do not include the cost of conveying troops, tents, quartermaster's supplies, etc. These are transported by government through its quartermasters, and not by contractors, but at an expense nearly, if not quite, equal the sum paid contractors. Government pays at the rate of \$1.30 per one hundred pounds for one hundred miles, or say, twenty-six cents per ton per mile, from the Missouri River to the points indicated, two thirds of which could be carried on a Pacific Railroad, on the route contemplated, at one tenth the present cost.

"It may safely be concluded from this exhibit that the expenditures not embraced in the secretary's statement are quite equal to, if they do not very much exceed, those contained within it, or \$3,000,000 per annum, making army transportation to the Pacific and intermediate points cost per annum \$5,809,430.80. So much for *army* transportation. The postal service may be placed at General Curtis's estimate of \$1,500,000 per annum.

"The following table will show the average cost of transportation for naval supplies from the Eastern and Gulf ports of the United States to the Pacific coast:

"NAVY DEPARTMENT, March 7 1862.

"SIR: In compliance with the resolution of the House of Representatives of the 19th ultimo, I have the honor to furnish herewith a 'statement showing the average cost of transportation for naval supplies, munitions of war, etc., for the last five years from the Eastern and Gulf ports of the United States to the Pacific coast.'

"I am, very respectfully, your obedient servant, GIDEON WELLES."

"Hon. G. A. GROW, *Speaker of the House of Representatives.*"

#### RECAPITULATION.

"NAVY DEPARTMENT, March 7, 1862.

Bureau of Yards and Docks.....	\$2,063 87
Bureau of Construction, etc.....	198,927 52
Bureau of Ordnance, etc.....	7,283 70
Bureau of Provisions and Clothing.....	33,221 15
Bureau of Medicine and Surgery.....	259 20

Total for last five years.. \$241,755 44

Average per year..... 48,351 08

"From this statement it would appear that such cost amounts per annum to \$48,351.08; thus making, in a time of peace and under ordinary circumstances, an annual expenditure for Pacific supplies and postal service of \$7,357.781.

"The bill before us appropriates in bonds, without the Oregon Branch, \$60,880,000; with the Oregon Branch, \$64,880,000. The following schedule of appropriations will show the contemplated expenditure in detail

	MILES.	PER MILE.	AMOUNT.
From Sacramento to western base of Sierra Nevada.....	25	\$16,000	\$400,000
From western base of Sierra Nevada.....	150	48,000	7,200,000
Next 890 miles, through Great Basin.....	890	32,000	28,480,000
Next 150 miles, through Rocky Mountains....	150	48,000	7,200,000
Next 200 miles to Kansas line.....	200	16,000	3,200,000
Next 450 miles, to Missouri line.....	450	16,000	7,200,000
Or a total of.....	1865		\$53,680,000

"If to this is added the amount appropriated for eastern branches, this will be increased as follows:

	MILES.	PER MILE.	AMOUNT.
Leavenworth branch.....	100	\$16,000	\$1,600,000
St. Joseph branch.....	100	16,000	1,600,000
Iowa Branch.....	250	16,000	4,000,000
			\$7,200,000

Or a total of..... \$60,880,000

"If to this is added a branch to Oregon, or say six hundred miles, at \$8000

—\$4,800,000—the entire amount of bonds appropriated by this bill will be \$64,880,000. Total number of miles, 2915.

“The amount to several companies on main line will be as follows :

To the Kansas Company, with connections.....	\$7,200,000
To the Central Company .....	31,200,000
To the Nevada Company.....	9,360,000
To the California Company .....	5,920,000
	<hr/>
	\$53,680,000

“The bonds are to be issued at thirty years, and to bear interest at the rate of six per cent per annum. When all the bonds shall have been issued, (which will necessarily be at the completion of the road,) the aggregate annual interest will amount to \$3,892,080. *I have shown that the army and navy transportation, and postal service to the Pacific cost the government annually \$7,357,781. Take, then, the annual interest from the annual expenditure, and we have left a sinking fund of \$3,465,701; a sum more than sufficient to extinguish the bonds before they become due, or, what is the same thing in effect, saved to the government by cheapening expenditure in that direction.*”

In another place in the same debate, (see page 1712,) Mr. Campbell said,

“THE ROAD IS A NECESSITY TO THE GOVERNMENT. IT IS THE GOVERNMENT THAT IS ASKING INDIVIDUAL CAPITALISTS TO BUILD THE ROAD. GENTLEMEN ARE UNDER THE IMPRESSION THAT IT IS A VERY GREAT BENEFIT TO THESE STOCKHOLDERS TO AID THEM TO AN EXTENT OF ABOUT HALF THE CAPITAL REQUIRED. I BEG LEAVE TO CALL THE ATTENTION OF GENTLEMEN TO THE FACT THAT IT IS THE GOVERNMENT WHICH IS UNDER THE NECESSITY TO CONSTRUCT THE ROAD. IF THE CAPITALISTS OF THE COUNTRY ARE WILLING TO COME FORWARD AND ADVANCE HALF THE AMOUNT NECESSARY FOR THIS GREAT ENTERPRISE, THE GOVERNMENT IS DOING BUT LITTLE IN AIDING THE COMPANY TO THE EXTENT OF THE OTHER HALF BY WAY OF A LOAN.”

Mr. Campbell, Chairman of the Select Committee which reported the bill, and who, from his position, was the leader of the measure in the House, must be presumed to have been as well informed as to its objects and provisions as the Attorney-General. He stated the whole question in the extract from his speech last quoted. “The road was a necessity. It was the government that was under the necessity, not capitalists;”—not a railroad company. No such company then existed. The government were the moving party. “If capitalists could be induced to come forward to the extent of one half the cost, certainly government was doing little in

aiding to the extent of the other half." The government, it was demonstrated, could lose nothing. It could not fail to receive a very large interest on its investment. The road was to perform a service, costing it \$7,000,000, annually; and to be maintained, at all times, for its use. How was private capital to receive interest on its contributions? No one claimed that the road would pay. All its opponents and many of its friends in Congress, proclaimed, on all occasions, that every dollar put into it would be lost, (excepting the service to be performed for the government.) Some even argued that the road could not be run, if built. From such arguments and admissions, on all side, we should like to see how the Attorney-General deduces the relationship of the government as *donor* to the company!

It is remarkable that the real saving which the road was to effect for the government should have been so entirely overlooked in the debates which accompanied the passage of the bill. It was supposed that the armaments then maintained would have to be kept up. It is now found that, with the road, a company suffices where a regiment was previously required. Should the emergency arise which requires a regiment, it can in a very few days be sent forward to any menaced point. The cry is now, that the road is doing nothing for government. It is doing every thing for government—far more than was anticipated, in saving all necessity for excessive armaments in the interior, or on the Pacific coast. If the government had been compelled to maintain a large force on the Pacific, or in the interior, at a cost of \$20,000,000 annually, we should never have heard a word of complaint; the value of the railroad would then have been in every body's mouth. It has, in fact, disbanded the army, and reduced the navy to a minimum, and is now to be slaughtered for it. This is the logic of every one who now attacks this great enterprise.

Mr. Campbell was followed by Hon. T. G. Phelps, member of Congress from California. In the course of his remarks (see *Congressional Globe*, Part II., Session 2d, 37th Congress, page 1590) he said:



"If, then, we would avoid the hazard of losing our Pacific possessions in case of war, we must provide the means of defending them. This can only be done in one of two ways. *We must either have a railroad across the continent by which troops and munitions of war can be rapidly transported to that coast, or we must maintain a sufficient force there in time of peace to meet the exigencies of war; for it would be wholly impracticable to send a force to that coast across the continent by the means which we now have after hostilities are declared against us by a foreign power, and equally impossible to send such a force by sea. To keep such a standing army as would be necessary for its protection, on that coast, for a few years only, would equal the entire cost of a first-class railroad from the Mississippi to San Francisco*; and the policy of keeping such a force in time of peace is more objectionable to our people, and more obnoxious to the theory and practice of the government, than to lend its aid in constructing a work of such national importance, and one so clearly demanded in the absence of a large standing army, as furnishing the only means of defending this important portion of our domain. Every one of us would repudiate with infinite scorn the idea of relinquishing a single foot of our territory, in any part of the country, whatever may be the cost of preserving its integrity. Then we must elect between these two alternatives, namely, a large standing army on the Pacific, or that of supplying the means of transporting an army there in case of emergency. Can there be a doubt as to the choice the country would make if submitted to the people? In regard to the importance of early action in this matter, I find in a most able letter from our consul at Paris, addressed to Mr. Seward, the following timely suggestions :

"The union of the Pacific and sea-board States by an iron road never appeared so clearly a national necessity as it has since the recent threatened rupture with England. The first and inevitable result of a war with any great naval power would be the loss of our California possessions.

"Whatever may have been the traditional policy of the government heretofore, some easy, sure, and rapid communication between the Atlantic and the Pacific is now a subject of such direct national concern that the government must charge itself with the execution of it without much delay.'

"Never were words more true or more opportunely spoken. No one who has visited our western coast has failed to realize their complete isolation from the general government and their perilous condition in case of foreign war. But none whose interests and homes are not there can appreciate the anxiety of the citizens of that coast on this score. Should they not have all the security from foreign invasion which the general government can reasonably extend to them? Have we passed that period when any portion of our people can appeal in vain to the government for protection? I will not believe it.

"For what are governments formed if not to protect their citizens from foreign invasion and wrong—to secure their happiness and promote their general welfare? And are they restricted in the manner in which they shall protect their citizens or promote their general welfare? If we are satisfied that the building of this road will render us as strong for defensive operations as would the building and manning of a hundred line-of-battle ships, may we not assist the enterprising subjects of the government in building it by the exercise of the same powers that we exercise every time we make an appro-

priation for the increase of our navy? Certainly we may do all this; and I feel there can, at this day, be no lingering doubt in the mind of any well-informed man as to the imperative military necessity of this road."

If Mr. Phelps was correct in assuming, with those who preceded him, that "the cost of supporting an army on the Pacific coast necessary for its protection would, in a very few years, amount to more than the entire cost of the proposed railroad; that, if we are satisfied that the building of this road will render us strong for defensive operations as would the building and manning of a hundred line-of-battle ships, might not the nation *assist* citizens of the government in building it, by the exercise of the same powers that we exercise every time we make an appropriation for the navy?" And if no person would engage in the construction of such work without such aid, what becomes of the attorney-general's argument that, in this matter, "the government was the *donor*, and the company the *donee*"; and that it was incredible that government would come under obligations to pay so large a sum as the interest on its bonds without providing for its reimbursement from the company when it fell due." Is it not most mortifying that any branch or department of the government should have so far forgotten, or be ignorant of the leading facts connected with our great struggle, as to turn upon and seek to destroy those who have accomplished a work which is worth, annually, to the nation thrice the interest on its cost; a work which is essential to the maintenance of our territorial integrity, and which, from the energy and skill displayed in its construction, as well as from its vast magnitude and value, is yet the wonder and admiration of the world?

Mr. Phelps was followed by Hon. William D. Kelley, member of Congress from Pennsylvania, who in the course of his remarks (see *Congressional Globe*, Part II., 2d Session of 37th Congress, p. 1593,) said,

" ' Nobody can disguise the fact that California and Oregon lie at the mercy of England, should we engage in war with her. It is not for me to announce that we could not transport men, arms, and munitions and stores for their defense. The records of the country already proclaim the fact. The distinguished gentleman from California [Mr. Sargent] brought to our attention

the other day a portion of the able report of Jefferson Davis, then Secretary of War, on that subject, in which he asserted that overland transportation of such supplies was an utter impracticability.

"On this point I will invite attention to a brief extract from his report, as I find it quoted by the gentleman from California, [Mr. Sargent,]

"This territory is not more remote from the principal European states than from those parts of our own country whence it would derive its military supplies; and some of those States have colonies and possessions on the Pacific which would greatly facilitate their operations against it. With these advantages, and those which the attacking force always has of choice of time and place, an enemy possessing a considerable military marine could, with comparatively little cost to himself, subject us to enormous expenses in giving to our Pacific frontier that protection which it is the duty of the general government to afford.

"In the first years of a war with any great maritime power, the communication by sea could not be relied upon for the transportation of supplies from the Atlantic to the Pacific States. Our naval peace establishment would not furnish adequate convoys to the number of store-ships which it would be necessary to employ; and store-ships alone, laden with supplies, could not undertake a voyage of twenty thousand miles, passing numerous neutral ports, where an enemy's armed vessels, even of the smallest size, might lie in wait to intercept them.'

"The only line of communication, then, would be overland; and by this it would be impracticable, with any means heretofore used, to furnish the amount of supplies required for the defense of the Pacific frontier. At the present prices over the best part of this route, the expense of land transportation alone, for the annual supplies of provisions, clothing, camp equipage, and ammunition for such an army as it would be necessary to maintain there, would exceed \$30,000,000; and to maintain troops and carry on defensive operations under those circumstances, the expense per man would be six times greater than it is now; the land transportation of each field twelve-pounder, with a due supply of ammunition for one year, would cost \$2500; of each twenty-four pounder and ammunition, \$9000; and of a sea-coast gun and ammunition, \$12,000. The transportation of ammunition for a year for a thousand sea-coast guns would cost \$10,000,000. But the cost of transportation would be vastly increased by a war; and at the rates that were paid on the northern frontier during the last war with Great Britain, the above estimates would be trebled. The time required for the overland journey would be from four to six months. In point of fact, however, supplies for such an army could not be transported across the continent. On the arid and barren belts to be crossed, the limited quantities of water and grass would soon be exhausted by the numerous draught animals required for heavy trains, and over such distances forage could not be carried for their subsistence.

"On the other hand, the enemy would send out his supplies at from one seventh to one twentieth the above rates, and in less time — perhaps in one fourth the time—if he could obtain command of the Isthmus route. Any reliance, therefore, upon furnishing that part of our frontier with means of defense from the Atlantic and interior States, after the commencement of hostilities, would be vain.

"Are the Pacific States and territories of value to us? Is it necessary that we should maintain the integrity of the country, that our shores should continue to be laved by two oceans, and that we should remain one people? If it is, then must we—and the sooner it is done the better—provide means by which the one shore shall be knitted to the other, and by which the intervening spaces shall be populated. It is not the time, say some, to begin this work. When will it be the time? It was not the time in 1850. Then attention could hardly be concentrated on it. Yet, had the work been begun in that year, the road would have been completed ere this, and the city of San Francisco would have been as safe as New-York or Boston."

Such were the grounds upon which the bill was supported in the House. "It was a military necessity;" and, as a military work, it would save annually, in the matter of transportation, twice the interest on the bonds to be issued for it. That the interest on these bonds could, for the present, be earned in any other manner, was not claimed or suggested by any one. It was hoped that, in time, the road would be a success as a commercial enterprise. But no great prominence was given to this portion of the argument; for the reason that the conviction was almost universal in both Houses of Congress that, commercially, the road would prove a failure, and for the additional reason that the military necessity was enough to justify its immediate construction.

The bill was opposed, and earnestly, on the ground that every dollar expended on its construction would be lost, that in the distracted and impoverished state of the country, the loss of so large a sum could not and should not be risked. Mr. J. S. Morrill, of Vermont, took this view of the measure in a speech delivered by him. (See *Congressional Globe*, p. 1708, Part II., 2d Session, 37th Congress.)

"I AM NOT TO BE DECEIVED," SAID HE, "BY ANY PROMISES THAT THIS ROAD IS TO BE BUILT AND RUN BY ANY OTHER PARTIES THAN THE UNITED STATES. EVERY DOLLAR THAT IT TAKES TO CONSTRUCT THE ROAD IS TO BE CONTRIBUTED BY THE UNITED STATES. THERE IS NOT A CAPITALIST THAT WILL INVEST A DOLLAR IN IT, IF HE IS RESPONSIBLE FOR ITS CONSTRUCTION, FOR ANY CONSIDERABLE DISTANCE. All that you will gain by the passage of this bill will be the building of two or three strips of road at each end. The capitalists who will avail themselves of the privileges granted by this bill, will do it for the purpose of seizing the lands at each end. But the gap that will remain before any through connection can be made, will remain unfilled as far as they are concerned. It will not be constructed in that way;

and if it could be constructed in that way, it could not be kept in OPERATION EXCEPT AT THE EXPENSE OF GOVERNMENT. IF THIS ROAD WERE BUILT TO-DAY, THEREFORE, AND GIVEN TO THE UNITED STATES, THE UNITED STATES ARE NOT IN A CONDITION TO ACCEPT IT EVEN AS A GIFT, IF COMPELLED TO RUN IT; NOR WILL THEY BE TILL THE POPULATION HAS SO FAR INCREASED AS TO GIVE THE ROAD SOME FREIGHT AND SOME LOCAL BUSINESS. AS A COMMERCIAL OR ECONOMICAL QUESTION, SUCH A ROAD IS UTTERLY DEFENSELESS."

Mr. F. A. Pike, of Maine, spoke in the same strain. (See *Congressional Globe*, Part II., 2d Session, of 37th Congress, p. 1707.)

"I ask where is the great interest in this country or combination of interests that is to furnish \$75,000,000? Can any gentleman tell me? There is no travel from the Pacific coast to justify it. Here are 1800 miles of railroad through an *uninhabited country*. One hundred passengers to the mile, per annum, gives 180,000 passengers—a very large estimate of the carriage of passengers from one end of the road to the other. But what are 180,000 passengers annually upon a road costing \$50,000 per mile? Railroad men understand very well that the road where you can not have 2000 passengers to the mile, is not worth considering us a mercantile enterprise."

Mr. White, of Indiana, offering an amendment to the section under discussion, said, (See *Congressional Globe*, 2d Session, 37th Congress, p. 1711,)

"It will be observed by reference to the section, that there is no provision in reference to the payment of the current interest. I therefore move to amend by adding to the section the following

"It is declared to be the true intent and meaning of this section, that the current interest on said bonds shall be chargeable to said company, to be by them reimbursed to the United States within one month after each semi-annual payment thereof by the United States; and a default therein shall subject the said company to the same liability and forfeiture above provided for in case of the non-redemption of the bonds at their maturity."

"The section," said he, "as it now stands, makes no provision for the payment of the current interest as it accrues semi-annually. It may, or may not, have been the intention of the committee that the interest should be paid by the company. Probably it was; but if not, then this amendment, of course, will involve a principle which the committee have not sanctioned. If it was the intention of the committee, and it is the intention of the Committee of the Whole, that the railroad company shall pay the current interest, then, to avoid the difficulty and uncertainty which creditors will have, and to insure its prompt payment by the United States, this amendment provides that the government shall first pay it, and the company reimburse it to the United States within one month. Of course it will be a little gain to the company

to the extent of the interest upon the interest. This is the only way the interest can be promptly secured to the creditors."

Mr. Campbell, Chairman of the Railroad Committee, in reply said, (p. 1911,)

*"It is not supposed that in the first instance the company will reimburse the interest to the government; it will reimburse it in transportation, but if the transportation does not meet the interest, then the government is to have a mortgage upon the entire road, for the full amount of both principal and interest."*

(The amendment of Mr. White was rejected.)

On another occasion, Mr. White said, (see *Congressional Globe*, 36th Congress, p. 1891,)

"I will take this opportunity to say, that it is very true that this bill does provide for the repayment of these advances by the government. The gentleman from California lays stress on his objection, especially upon that fact, and for that reason he objects to providing for government directors. Now, sir, I contend that, although this bill provides for the repayment of the money advanced by the government, it is not expected that a cent of the money will ever be repaid. If the committee intended that it should be repaid, they would have required it to be paid out of the gross earnings of the road, as is done with the roads in Missouri, Iowa, and other States, and not the net earnings. There is not, perhaps, one company in a hundred, where the roads are most prosperous, that has any net at all. *I undertake to say that not a cent of these advances will ever be repaid, nor do I think it desirable that they should be repaid. This road is to be the highway of the nation, and we ought to take care that the rates provided should be moderate. I think, therefore, that this will turn out a mere bonus to the Pacific Railroad, as it ought to be.*

*"The government, then, ought to be considered as having an interest in the road, and should have a voice in the management of its affairs."*

Mr. W. S. Holman, member of Congress from Indiana, in opposing the bill, offered the following amendment:

"And the said railroad shall forever remain a public highway for the use of the government of the United States, free from any charge whatever upon the transportation of any property or troops of the United States."

Mr. Campbell, Chairman of the Select Committee, replied to Mr. Holman as follows, (p. 1712,)

"THIS ROAD NEVER SHOULD BE CONSTRUCTED ON TERMS APPLICABLE TO OTHER ROADS. EVERY MEMBER OF THE HOUSE KNOWS THAT IT IS TO BE CONSTRUCTED THROUGH ALMOST IMPASSABLE MOUNTAINS, DEEP RAVINES,

CANONS, GORGES, AND OVER SANDY PLAINS. THE GOVERNMENT MUST COME FORWARD WITH A LIBERAL HAND, OR THE ENTERPRISE MUST BE ABANDONED FOREVER. THE NECESSITY IS UPON US. THE QUESTION IS WHETHER WE SHALL HOLD OUR PACIFIC POSSESSIONS, AND CONNECT THE NATIONS ON THE PACIFIC WITH THOSE ON THE ATLANTIC SLOPES, OR WHETHER WE SHALL ABANDON OUR PACIFIC POSSESSIONS. GENTLEMEN ARE NOT TO APPLY ORDINARY RULES GOVERNING ROADS IN THE WESTERN STATES TO THIS GREAT ENTERPRISE. WE MUST BE LIBERAL AT THE SAME TIME THAT WE ARE JUST. WE MUST AID THIS PACIFIC RAILROAD TO THE EXTENT OF PAYING ON THE BUSINESS OF THE GOVERNMENT THE ORDINARY RATES OF TRANSPORTATION, OR SUCH RATES AS WILL BE PAID BY INDIVIDUALS."

Mr. Holman's motion was rejected.

In the House debates, the commercial or financial value of the road was not, as already stated, much insisted upon. In reference to such, Mr. Phelps, in his speech already quoted, said,

"There are, then, two good reasons why we should pass this bill, either one of which is sufficient to justify its passage, namely, *it is a military necessity*; and, *secondly, it is absolutely essential to our internal development*. But there is another reason, which would be sufficient of itself to induce any European government, under similar circumstances, not only to give the aid proposed, but to wholly construct the road in the speediest possible way; and that is, sir, the fact that beyond its western terminus lie Japan, China, and the East-Indies, with their more than four hundred millions of industrial inhabitants, whose commerce, the most tempting prize ever within the reach of any country, may be secured thereby. To secure this commerce would not only add vastly to our national wealth, but it would build up, through individual enterprise and the currents of trade opened by it, such a fleet of steam and sail vessels, and give us such a naval predominance upon the Pacific, as would enable us to defy the maritime powers of the world on that ocean, and would render our Pacific possessions safe within themselves for all time to come. And not only would we derive the advantages of an increased trade and national security, but we would save in the present condition of our commerce, as may be learned from facts within the reach of all, on freight, interest, and insurance on our precious metals, and on our money exchanges, an amount every ten years equal to the entire cost of the road. As this source of drainage upon our national wealth does not appear to have been much examined into, I beg the indulgence of the House for a few moments to present some facts in relation to it."

Mr. Kelley, in his speech already referred to, spoke as follows:

"The railroad operates as the river did in the olden time. We know that population could settle only upon the river-banks. Land so remote from a

navigable stream that it would cost to get its product to market nearly its market value, was worth nothing. It is no longer so. That law of nature would have kept our coasts apart for centuries. But the railroad is the river produced by modern science. We can carry these streams over mountains and across valleys, and they will be followed by towns and cities along the plains. From this great stream rivulets will flow, so that in Nevada, Utah, Colorado, Washington, Oregon, Nebraska, and Kansas, American civilization will spring up, and the land teem with life. We can by this means, and this alone, cement the two coasts of our country, and make the East and the West parts of a well-united nation, easily governed, easily defended by its own people, and from any part of which to the other the government may at all times throw the requisite force for defense, or, should God in his providence permit a recurrence of it, the suppression of rebellion."

In closing the debate in the House, Mr. Stevens, Chairman of the Committee of Ways and Means, spoke as follows, (see *Congressional Globe*, Part III., 2d Session of 37th Congress, p. :)

"I have," said Mr. Stevens, "found considerable difficulty in coming to a conclusion what course to pursue as to this bill. That difficulty did not arise on account of the propriety of building this road. I believe few will doubt its utility as a great national work. We must either agree to surrender our Pacific possessions to a separate empire or unite them to the Atlantic by a permanent highway of this kind. The Romans consolidated their power by building solid roads from the capital to their provinces. Some of the most costly and stupendous works on record were these wonderful roads, whose solid remains at this day show what they once were.

"It is especially important that we should have such a road wholly within our own territory. In case of a war with a foreign maritime power, the transit by the Gulf and the Isthmus of Panama would be impracticable. Any such European power could throw troops and supplies into California much quicker than we could by the present overland route. The enormous cost of supplying our army in Utah may teach us that the whole wealth of the nation would not enable us to supply a large army on the Pacific coast. Our Western States must fall a prey to the enemy without a speedy way of transporting our troops. The only question in my mind was whether, in the midst of this rebellion, it was wise to commence it. On full reflection, I have come to the conclusion that this is as propitious a time as we shall ever find."

The bill then passed by a vote of 79 to 49.

The above extracts represent substantially and fairly the debates that took place in the House in reference to this measure, and the grounds urged in its favor and in opposition to it. It was carried through on the ground of an inexorable military necessity; that an appropriation in its favor was as justifiable as was one to build ships or forts, or to raise, equip, and pay armies;



and that, in connection with the military operations of government, it was a measure of the highest utility and economy. The project was opposed as inopportune, as impracticable, and as involving the loss of every dollar expended in it. That the government had no other relation to it but to make a loan to any company that might be formed for its construction, and for which loan such company was to pay interest semi-annually, was never so much as suggested by friend or foe. There was not a member of Congress, probably, who believed that the road could by any possibility prove a profitable investment for capital. The whole region traversed by the road, as built, was then a *terra incognita*. The route upon which, in the outset, it was supposed such road would be built—that of the South Pass—was found to be utterly impracticable. It was not then known that any mineral coal existed in the Rocky Mountains. Without the abundant supplies of such coal subsequently discovered, the construction of the road would never have been undertaken, at least by a private company, as its maintenance would have been impossible at any reasonable cost. When chartered, no railroad man in the country believed in it as a commercial enterprise. Many were disposed to aid it to a moderate extent, as a measure of public utility, but with no expectation of receiving back a dollar they might put into it.

From the House the bill went to the Senate, where it was taken up for discussion June 12th, 1862, the opening speech being made by Hon. M. S. Latham, Senator from California. In the course of his remarks he said, (see *Congressional Globe* Part III., 2d Session, 37th Congress, p. 2675.)

“Let us inquire into the proposition before us. The loan of the public credit at six per cent for thirty years is for \$65,000,000, with an absolute security by lien—with stipulations by sinking fund from profits for liquidation of the principal. Official reports, and other authoritative data, show that the average annual cost, even in time of peace, of transportation of troops, with munitions of war, subsistence, and quartermaster's supplies, may be set down in round numbers at \$7,300,000. The interest on the loan of \$65,000,000 of bonds will be annually \$3,900,000, leaving a net excess of \$3,400,000 over the present cost, appealing with great force to the economy of the measure, and showing, beyond *cavil or controversy*, that government will not have to pay a dime on account of its credit, nor run the risk of a dollar by the act authorizing this great work.”

Hon. Henry Wilson, of Massachusetts, followed in support of the bill to the same effect. In the course of his remarks he said, (see *Congressional Globe*, p. 2257, 3d Volume, 2d Session, 37th Congress,)

"I have little confidence in the estimates made by senators or members of the House of Representatives as to the great profits that are to be made, and the immense business that is to be done by the road. I give no grudging vote in giving away either money or land. I WOULD SINK \$100,000,000 TO BUILD THE ROAD, AND DO IT MOST CHEERFULLY, AND THINK I HAD DONE A GREAT THING FOR MY COUNTRY IF I COULD BRING IT ABOUT. WHAT ARE SEVENTY-FIVE OR ONE HUNDRED MILLIONS IN OPENING A RAILROAD ACROSS THE CENTRAL REGIONS OF THIS CONTINENT THAT SHALL CONNECT THE PEOPLE OF THE PACIFIC AND ATLANTIC, AND BIND US TOGETHER? NOTHING. AS TO THE LANDS, I DO NOT GRUDGE THEM. We have given lands to the States to build railroads. We have given an immense amount of land to the State of Illinois to build a road through that great State, and with all the land, the stock of the road is not at par. We have given land to Iowa, Minnesota, Missouri, and other States to build roads. Some of those States have not built their roads; and the people interested in the line of the St. Joseph road came here this winter and said they had received very little from the sale of their lands. I tell you, these grants of land to these roads are no such great things, after all. I hope they will make money out of it. I think, however, it is but a small contribution by this government for the great object in view.

"I am willing to give this amount or double this amount of land if it will aid in completing this road. If any one imagines that putting money into these roads is to bring great returns, I think they will be greatly mistaken. Any body who has studied the railroad interests of this country, who has examined the condition of the various railroads of the country and knows how they are situated, what their business of every kind and description has been, and has examined the value of their stock, knows that the railroad business as a whole in this country is no very profitable undertaking. I want to be as liberal in money; I want the bill to be so framed and guarded in the provisions for the money we shall give; I want to give that quantity of land, and want it all so arranged in this bill that when we have passed the bill we shall feel that we are to have a railroad. If by the liberality of this government, either by money or land, we can induce capitalists to put in the money necessary to complete this road, we shall have achieved something for the country.

"The only apprehension I have is, whether, in this bill, or in any of the bills that have been before Congress, we have offered inducements enough, and whether we shall so arrange what we do give as to secure the completion of the road. The great cost to the government is to be in the central regions of the continent. I think it is an easy thing to build the road east to the one hundredth parallel; it is no great thing to build it west of Nevada; but between those two regions, the great portion of this expense must be incurred; and the bill, I think, very wisely provides that while it gives \$16,000 in

money on the ends of the line, it appropriates \$48,000, I think, for those portions of the road that are to go through the central part of the continent, through the mountains and valleys."

On a subsequent occasion, when the following clause, "the issue of said bonds and delivery to the company shall constitute a first mortgage on the whole line of railroad and telegraph," was under discussion, and the question was whether the mortgage should cover the rolling stock, Mr. Wilson said,

"I have studied the railroad system of the country and its condition, and I make the prediction here, to-day, and let it go upon the record, that there is not the man in this country, nor is there born the grandfather of the man in this country, who will ever see this nation get back this money. It is an impossibility. The road will never be worth it. I am for a railroad; I am for making this grant; I am for taking some security on the bed of the road. On the rolling-stock of the road I would not take any security; and I would go further than that, and I would provide in this bill that this road should never be mortgaged to any body but the government of the United States. I want the men who go into the enterprise to put their money in it. The government puts \$16,000 a mile in portions of the road, and \$48,000 a mile in other portions of the road, and gives so much land. I want the men who go into this enterprise to put their money in it, and not to borrow money and give mortgages on what the government of the United States does for them; and wanting them to put their money into it, I am against driving a hard bargain with them. I do not want to do any thing in this bill that shall prevent men putting their money into this road. On the contrary, I want to invite the capitalists of the country to invest their money in the road and finish it; and I do not want to bring into it railroad speculators and stock-jobbers, who come in and get the government land and government money, and mortgage the road and sell it out. I would put a provision in this bill that the road should never be mortgaged to any body. I DO NOT EXPECT ANY OF OUR MONEY BACK. I BELIEVE THAT NO MAN CAN EXAMINE THIS SUBJECT AND COME TO THE CONCLUSION THAT IT WILL COME BACK IN ANY OTHER WAY THAN IS PROVIDED FOR IN THE BILL; AND THAT PROVISION IS FOR THE CARRYING OF THE MAILS, AND DOING CERTAIN OTHER WORK FOR THE GOVERNMENT OF THE UNITED STATES. IN THAT WAY WE ARE TO GET OUR COMPENSATION, AND, IN MY JUDGMENT, IT WILL BE AMPLE AND COMPLETE; BUT THE IDEA THAT THE \$16,000 OR THE \$48,000 A MILE WE PUT INTO THE ROAD IS EVER TO BE RECEIVED BACK INTO THE TREASURY OF THE UNITED STATES, IS AS VISIONARY AS ANY THING THAT EVER ENTERED THE BRAIN OF MAN."

In reference to this speech of Mr. Wilson, Hon. T. O. Howe, of Wisconsin, said, (see *Congressional Globe*, Vol. III., 2d Session, Thirty-seventh Congress, page 2758.)

"The senator from Massachusetts says that he believes the company, by

the facilities furnished by the road, will be able to render services to the government adequate to the payment of the money advanced. If that be so, it will be because the company will be able to earn that amount of money ; it will be able to do work for the government equal to the payment of the government loan. Then the government will get back its money ; *but if it should turn out that the company is not able or is not willing to render that amount of service, then it seems to me the government should have security on the property which is produced by its money loaned to the company.*"

The most significant debate in the Senate was had in reference to certain amendments offered by Mr. Jacob Collamer, of Vermont, who moved to strike out of the fifth section the words, "hereinafter provided." In order to show the effect that this motion would have had on the bill, its fifth and sixth sections are copied entire :

"SEC. 5. *And be it further enacted*, THAT FOR THE PURPOSES HEREIN MENTIONED, the Secretary of the Treasury shall, upon certificate in writing of said commissioners, of the completion and equipment of forty consecutive miles of said railroad and telegraph, in accordance with the provisions of this act, issue to said company BONDS OF THE UNITED STATES of one thousand dollars each, payable in thirty years after date, bearing six per centum per annum interest, (said interest payable semi-annually,) which interest may be paid in United States treasury notes or any other money or currency which the United States have or shall declare lawful money and a legal tender, to the amount of sixteen of said bonds per mile for such section of forty miles ; AND TO SECURE THE REPAYMENT TO THE UNITED STATES, as HEREINAFTER PROVIDED, of the amount of said bonds so issued and delivered to said company, TOGETHER WITH ALL INTEREST THEREON WHICH SHALL HAVE BEEN PAID BY THE UNITED STATES, the issue of said bonds and delivery to the company shall *ipso facto* constitute a first mortgage on the whole line of the railroad and telegraph, together with the rolling stock, fixtures, and property of every kind and description, and in consideration of which said bonds may be issued ; and on the refusal or failure of the said company to redeem said bonds, or any part of them, when required to do so by the Secretary of the Treasury, in accordance with the provisions of this act, the said road, with all the rights, functions, immunities, and appurtenances thereunto belonging, and also all lands granted to the said company by the United States, which, at the time of said default, shall remain in the ownership of the said company, may be taken possession of by the Secretary of the Treasury, for the use and benefit of the United States : *Provided*, this section shall not apply to that part of any road now constructed.

"SEC. 6. *And be it further enacted*, That the grants aforesaid are made upon condition that said company shall pay said bonds at maturity, and shall keep said railroad and telegraph line in repair and use, and shall at all times transmit dispatches over said telegraph line, and transport mails, troops, and munitions of war, supplies, and public stores upon said railroad for the gov-

ernment, whenever required to do so by any department thereof ; and that the government shall at all times have the preference in the use of the same for all the purposes aforesaid, (at fair and reasonable rates of compensation, not to exceed the amounts paid by private parties for the same kind of service ; ) and ALL COMPENSATION for services rendered for the government shall be applied to the payment of said BONDS AND INTEREST until the whole amount is fully paid. Said company may also pay the United States, wholly or in part, in the same or other bonds, treasury notes, or other evidences of debt against the United States, to be allowed at par ; and after said road is completed, UNTIL SAID BONDS AND INTEREST ARE PAID, at least FIVE PER CENTUM of the net earnings of said road shall also be ANNUALLY applied to the payment thereof."

These are the only sections in the act of 1862 which contain any reference to the question of the bonds.

In reference to his motion, Mr. Collamer spoke as follows, (see *Congressional Globe*, Thirty-seventh Congress, page 2813,)

"This bill carries the idea, and in this section provides for the repayment of this loan, as gentlemen call it. In a subsequent section it is provided the payment shall be made in the carrying of mails, supplies, and military stores for the government at fair prices, and also that five per cent of the net proceeds or gains shall be set apart for the government. That is all the provision there is in the bill for the payment. There is a security attempted to be given in this section. It provides, beginning at the thirteenth line, 'and to secure the repayment to the United States, as hereinafter provided, of the amount of said bonds so issued and delivered to said company, together with all interest thereon which shall have been paid by the United States,' there shall be a lien on the line of the road. The language is 'as hereinafter provided.' THE ONLY PROVISION IS SETTING APART FIVE PER CENT OF THE NET PROCEEDS ; SO THAT, IF YOU LEAVE IN THESE WORDS, YOU HAVE NOTHING REALLY AS SECURITY FOR YOUR BONDS UNLESS YOU GET YOUR PAY IN CARRYING THE MAILS, ETC. ; AND IF YOU DO NOT GET THAT SERVICE, IT GOES FOR NOTHING. THE REPAYMENT IS TO BE 'AS HEREINAFTER PROVIDED,' AND THE SUBSEQUENT PROVISION IS FOR CARRYING THE MAILS AND GOVERNMENT SUPPLIES.

"Then, in the next clause of the section, it is provided, 'and on the refusal or failure of said company to redeem said bonds, or any part of them, when required so to do by the Secretary of the Treasury in accordance with the provisions of this act, the said road' shall be forfeited ; that is to say, if they do not carry the government freight and set apart the five per cent, then indeed you may take the road when it is ascertained not to be good for any thing ; but there is no provision here that you shall have your bonds repaid, if the road goes into successful operation. There is no provision that the government shall ever have pay in any other way than by carrying its freight and mails, and the five per cent of the net proceeds. Now, this should be what it purports to be, a security for the repayment of the loan if the road shall

be a successful operation. I want no duplicity about it. My motion is to strike out, in the fourteenth line of the section, the words, 'as hereinafter provided,' and in the twenty-fourth, twenty-fifth, and twenty-sixth lines, the words, 'when required so to do by the Secretary of the Treasury, in accordance with the provisions of this act.'"

This amendment was at first agreed to. It was subsequently discovered, in the course of the debate, that this amendment, which had passed without much consideration, would be likely to defeat all action under the bill. Mr. Wilson thereupon moved a reconsideration of the amendment, upon which the following discussion took place. (See *Congressional Globe*, as above, p. 2816.)

"I move," said Mr. Wilson, "to reconsider the vote by which the amendment on page eleven, section five, line fourteen, striking out after the word 'States' the words, 'as hereinafter provided,' and the amendment in lines twenty-four, twenty-five, and twenty-six, of the same section, striking out the words, 'when required to do so by the Secretary of the Treasury, in accordance with the provisions of this act,' were agreed to. I make this motion because I am in favor of passing a bill that will build a road. I shall vote for the bill if the reconsideration is not agreed to; but, in my judgment, *this amendment will defeat the road*. Instead of being a security to the United States, it is my opinion it is taking security away from the United States. We propose to embark in building a Pacific railroad. It is the interest of the United States to induce the capital of this country to go into that road. Every dollar put into that road is so much security to the United States. Every provision of this bill that prevents the capitalists of the country from putting money into the road is so much against the United States. If we embark in this road and put millions of dollars in it, we shall go through with it, if it costs tens of millions more than you find in this bill. The great object is to make a bill that shall bring into the road the capital of the country, and in my judgment this amendment repels capital. YOU PROVIDE IN THE BILL THAT THE ROAD SHALL DO CERTAIN WORK FOR THE GOVERNMENT BY WAY OF PAYMENT—CARRY THE MAILS, MUNITIONS OF WAR, ETC. YOU HAVE A SECURITY IN THE BILL THAT WHEN THE SECRETARY OF THE TREASURY GIVES NOTICE, YOU CAN TAKE POSSESSION OF THE ROAD. NOW, YOU STRIKE OUT THESE PROVISIONS, THESE GUARDS, AND MAKE IT ABSOLUTE THAT IF THIS ROAD CAN NOT REDEEM THESE BONDS THE ROAD IS FORFEITED, AND THE GOVERNMENT TAKES POSSESSION. THERE IS NOT A MAN IN AMERICA WHO WILL PUT A DOLLAR IN THE ROAD UNDER SUCH CIRCUMSTANCES. I do not believe there is a dollar in the United States that will go in that road with that proviso; and if there be none, what have you got? You have got no security, or, if there be any, but very little. I believe that it is the most fatal amendment that could be adopted, and if it stands in that bill, the bill is not worth the paper on which it is written. That is my judgment in regard to the amendment, and I therefore move the reconsideration. I move it because

I want to make a bill that shall make a road. I want so to frame the bill as to induce the capitalists of the country to invest their money in the road ; to induce those who have commercial interests, those who have railway interests, to see to it that this road is built. Every dollar we can bring into the road is so much contributed toward building the road, and is so much saved to the treasury of the United States. I hope these amendments will be reconsidered."

Mr. Collamer supported the amendment upon the ground that the bonds issued to the companies were to be regarded throughout the bill as loans, which were to be repaid by the companies to the government. He said, (see *Globe*, p. 2816,)

"Now, sir, let us look for a moment at this bill. The provision made in the bill about the payment is in the next section, section six :

"That the grants aforesaid are made upon condition that said company shall keep said railroad and telegraph line in repair and use, and shall at all times transmit dispatches over said telegraph line, and transport mails, troops and munitions of war, supplies and public stores, upon said railroad for the government, whenever required to do so by any department thereof, and that the government shall at all times have the preference in the use of the same for all the purposes aforesaid, (at fair and reasonable rates of compensation, not to exceed the amounts paid by private parties for the same kind of service.)"

\* \* \* \* \*

"Then it goes on to provide :

"And all compensation for services rendered for the government shall be applied to the payment of said bonds and interest until the whole amount is fully paid.

"Further :

"And after said road is completed, until said bonds and interest are paid, at least five per cent of the net earnings of said road shall also be annually applied to the payment thereof."

"The net earnings.' All this goes on the ground that this road is going to be a success. Very well ; put it on that ground. I hope it may be so. The parts of the bill I have read are evidently drawn, and the argument here is, on the ground that they are to pay back these bonds and interest. They may do all the work for the United States, and put apart that five per cent if they ever get any net receipts, and yet not pay the debt, because it will not come to enough. We have not work enough for them to do, at any fair price, to pay for these bonds and the interest. That sixth section provides for the payment. The security is in the fifth section, which is now under consideration."

After reading the fifth section, he continued :

"That is to say, if we do carry your freight as we agree to do, whether that pays you or not, is immaterial. But if we do not carry your freight and

your mail as we agree to do, then and in that case you may take possession of the road; but if we do that, then you shall never have any security for the payment, however successful we may be, because all the security is according to the provisions hereinafter provided. Is not that all a mere matter of duplicity? I do not charge any body with having intended it; but is not that the obvious intent of it? I do not say whether it will ever be paid or not; but I do say the bill is drawn on that ground and understanding from beginning to end. If they will strike out those oblique words 'as hereinafter provided,' they leave the security which they profess to hold out to the world. I hope the amendment will not be reconsidered.'

"Mr. McDougall: I trust the amendment will be reconsidered. At the time it was suggested, I did not see the serious objection to it that I see now. I wish to say with regard to this obliquity the gentleman seems to perceive in the appearance of this bill, that it was not designed that the government should foreclose a mortgage on this road, if the road was completed in good faith, and did the government business. *As I have had occasion before to remark, the government is now paying over seven millions per annum for the service which this road is bound to perform.* That is about one hundred per cent more than the maximum of interest upon the entire amount of bonds that will be issued by the United States when the road is completed. The government is to-day, on the peace establishment, without any war necessity, paying for the same service one hundred per cent more than the entire interest on the amount of bonds called for by the bill. Besides that, it is provided that five per cent of the net proceeds shall be paid over to the federal government every year.

"Now, LET ME SAY, IF THIS ROAD IS TO BE BUILT NOT MERELY BY THE MONEY ADVANCED BY THE GOVERNMENT, BUT BY MONEY OUT OF THE POCKETS OF PRIVATE INDIVIDUALS; IF THERE ARE TO BE GREAT SACRIFICES IN THE ACCOMPLISHMENT OF A GREAT NATIONAL PURPOSE—AND THIS IS ADMITTED TO BE A GREAT NATIONAL PURPOSE, ONE DEMANDED AS A POLITICAL NECESSITY—WHY SHOULD THE GOVERNMENT DRAW FROM THE POCKETS OF PRIVATE CITIZENS \$50,000,000, TO BE EMBARKED IN AN ENTERPRISE THAT WILL HAVE NO NET PROCEEDS; THAT WILL PAY NO CENT OF DIVIDENDS? Upon the hypothesis of the senator from Vermont, this government should build the road if it cost \$100,000,000, and then spend \$5,000,000 a year to run the road. A better proposition has been advanced here in this bill. It is proposed that the government shall advance \$60,000,000, or rather their bonds at thirty years, as the road is completed in the course of a series of years; THAT THE INTEREST AT NO TIME CAN BE EQUAL TO THE SERVICE TO BE RENDERED BY THE ROAD AS IT PROGRESSES; AND THAT THE GOVERNMENT REALLY REQUIRES NO SERVICE, EXCEPT A COMPLIANCE ON THE PART OF THE COMPANY WITH THE CONTRACT MADE. IT WAS NOT INTENDED THAT THERE SHOULD BE A JUDGMENT OF FORECLOSURE AND A SALE OF THIS ROAD ON A FAILURE TO PAY. I WISH IT TO BE DISTINCTLY UNDERSTOOD THAT THE BILL WAS NOT FRAMED WITH THE INTENTION TO HAVE A FORECLOSURE."

"Mr. Collamer: Then what was that part of the bill providing that the government may take possession of it put in for?"



"MR. MCDUGALL: IN CASE THEY FAILED TO PERFORM THEIR CONTRACT. THAT IS ANOTHER THING. THAT IS A STIPULATION; THAT IS A FORFEITURE IN TERMS OF LAW; A VERY DIFFERENT THING FROM A FORECLOSURE FOR THE NON-PAYMENT OF BONDS. THE CALCULATION CAN BE SIMPLY MADE THAT, AT THE PRESENT AMOUNT OF TRANSPORTATION OVER THE ROAD, SUPPOSING THE GOVERNMENT DID NO MORE BUSINESS, THAT THAT ALONE WOULD PAY THE INTEREST AND THE PRINCIPAL OF THE BONDS IN LESS THAN TWENTY YEARS; MAKING IT A DIRECT PIECE OF ECONOMY IF THE GOVERNMENT HAD TO PAY THEM ALL. However, I am not disposed to discuss this matter. I say it was not understood that the government was to come in as a creditor and seize the road on the non-payment of the interest. It is the business of the government to pay the interest, because we furnish the transportation."

"By striking out these simple words, 'as hereinafter provided,' we destroy the sixth section of the bill; and then we make it imperative, without any discretion with the Secretary of the Treasury, that if the road shall fail to pay the bonds when they become due, he shall take possession of the road. Now, sir, until the road is completed, we have reserved a certain percentage for the security of the government. I think we have taken ample security in this matter, and I think every word or idea in this bill that tends to keep capital out of the road is so much injury to the government of the United States."

"The senator says the bill goes upon the idea that this money that we loan for building this road is to be repaid. I know that is the theory of the bill; but there is not a practical railroad man in the country who expects the government to get back its money, unless this road can so manage as to earn money enough to pay it. When you consider the length of this road, the mountains and the deserts that it crosses, the sparsely settled population, the enormous cost of the road and of running the road, the nation and the world will be satisfied if we can build it at a reasonable cost; and then if the road can pay the government the interest, and keep on running, and do the business of the nation, and the commercial business of the country, every body would be delighted at the idea. I must say I fear it can not do all that. I am very confident it could not do it without the liberal aid of the government, not only in completing the road, but a liberal dealing with the road when it is completed. I regard it as a national necessity of transcendent importance, against which seventy-five or one hundred millions do not weigh any thing. What are seventy-five or one hundred millions to the American people to have a railroad completed, connecting the Atlantic and Pacific shores, and opening the interior of the continent to this nation? It is not even as dust in the balance."

Mr. Collamer's motion was reconsidered by a unanimous vote; the amendment offered by Mr. Clarke, of New-Hampshire, and adopted, "that the company should pay the bonds at maturity, and keep the railroad and telegraph line in repair," etc., met Mr. Collamer's objections. The character and ob-

jects of the bill underwent, in their debate, a thorough discussion. It was not intended, said Mr. McDougall, "that there should be a judgment of foreclosure and a sale of this road on failure to pay • the bill was not framed with any intention to have a foreclosure." There might be a forfeiture, but the forfeiture was to receive from breach of stipulation to construct and maintain the road, but for no other cause. The road might be unprofitable ; it was not expected that it would be profitable. The government transportation was what Congress must look to for its compensation. This would be ample for any outlay. After further discussion, the bill passed the Senate by a vote of 35 to 5, Mr. Collamer voting for it.

The bill was finally passed July 1st, 1862. It named seventy-six corporators, taken from nearly every loyal State and Territory in the Union. It provided that they should meet in Chicago on the 1st day of September following, for the purpose of forming a provisional organization, by the election of officers, who were to be charged with the duty of procuring stock subscriptions to the enterprise to the amount of \$2,000,000, whereof ten per cent was to be paid at the time of subscribing. The corporators met in Chicago, and organized by the choice of officers, as required. At this convention the whole subject of the work was fully and elaborately discussed. The sense of the convention will, perhaps, be best shown by copying the report submitted by the "Committee on the Order of Business," and unanimously adopted :

"1st. That the speedy completion through the territory of the United States, from the Atlantic to the Pacific, of a railway communication affording means of transit for persons and property, has become an urgent necessity—not only in facilitating and augmenting the commerce, and developing the agricultural, mineral, and fiscal resources of our continental union, BUT PRE-EMINENTLY IN PROVIDING FOR THE PUBLIC DEFENSE, AND PERPETUATING THE POLITICAL TREATY OF THE ATLANTIC AND PACIFIC PORTIONS OF THE REPUBLIC.

"2d. That the eastern division of this great continental chain, extending from the Atlantic Ocean to the Missouri River, having already been completed by the capital and enterprise of companies incorporated by the several States, IT WAS EMINENTLY PROPER FOR THE UNITED STATES TO INCORPORATE A NATIONAL COMPANY FOR COMPLETING THE RESIDUE, REACHING FROM THE MISSOURI TO THE PACIFIC, WITH SUCH AID FROM THE NATIONAL

TREASURY AND RESOURCES AS SEEMED TO BE NECESSARY ; AND THAT THE COUNTRY MAY WELL RELY ON THE CONTINUANCE OF THE SAME WISE AND PATERNAL POLICY TO EXPEDITE THE EFFORTS OF THE COMPANY TO COMPLETE THE WORK WITH ALL PRACTICABLE DISPATCH.

“3d. THAT IT WAS PECULIARLY THE DUTY OF THE NATION WHICH HAD ASSUMED AND EXERCISED THE RIGHT GREATLY TO EXTEND ITS ORIGINAL LIMITS, BY ANNEXING THE BROAD CONTINENTAL AREA BETWEEN THE MISSISSIPPI AND THE PACIFIC, AND THAT, TOO, FOR THE AVOWED PURPOSE OF PROTECTING THE COMMERCE AND TERRITORY OF THE UNION FROM FOREIGN INTERFERENCE, TO EXERT ALL ITS POWERS TO SECURE THE COMPLETION OF A CHAIN OF COMMUNICATION SO VIRTUALLY IMPORTANT TO BOTH.

“4th. That the denationalizing and treasonable effort now in progress to separate the slaveholding portion of the Union from the residue, could it be successful, would inevitably be followed by attempts still more flagitious, not only to detach the States on the Pacific, but even to separate the States on the Lakes and the Missouri from those on the Atlantic, and possibly from each other ; that this audacious and abominable attempt to demolish the fabric of our national government is secretly encouraged, if not openly approved, by at least a portion of the European world ; and that the American people are now impelled by every motive of interest, duty, pride, and honor, and every instinct of self-respect and self-preservation, to avert from themselves and their posterity a calamity so enormous.

“5th. That the peculiar character of the pending rebellion, involving, if successful, the utter destruction of our national organization, and the consequent reduction of our hitherto powerful republic to the fragmentary and feeble condition of Central Europe, entailing on our continent, for centuries to come, perpetual internal strife, if not interminable war, imperatively requires NOT ONLY THE UTMOST EXERTION OF THE MILITARY AND NAVAL POWER OF THE GOVERNMENT, BUT THE IMMEDIATE ADOPTION OF EVERY MEASURE OF CIVIL ADMINISTRATION FOR STRENGTHENING THE BONDS OF OUR EXISTING UNION ; THAT NOTHING WILL CONTRIBUTE MORE PERMANENTLY AND EFFECTUALLY TO THAT OBJECT THAN THE BINDING, BY AN ADEQUATE CHAIN OF COMMUNICATION, OUR PACIFIC COAST AND THE RICH METALLIFEROUS REGIONS OF THE INTERIOR TO THE LARGE AND POWERFUL GROUP OF FOOD-PRODUCING STATES ON THE ATLANTIC ; and that such a channel of intercourse, through this central portion of the continent, occupied by a populous and homogeneous race, enjoying easy and daily access to the two great oceans of the globe, would enable it not only to resist and defy any further attempt, either at home or abroad, to dismember our territory, but to exercise a commanding influence over the commerce, if not over the political destinies of the civilized world.

“6th. That Congress has acquired a new claim to the gratitude of the people by delegating to an incorporated company the duty and responsibility of constructing and managing this great work of national improvement, and in aiding it by the public credit, and grants of public lands ; that through this

instrumentality the enterprise will enjoy the benefit of a permanent and steady direction, exempt from the uncertainty and delay of yearly appropriations, and especially from the vicissitudes of party conflicts and the demoralizing effects of party interference, permitting its directors to carry forward the work with activity, intelligence, and honesty, on a continuous and systematic plan, undisturbed by any changes or vacillations in our public counsels, or any fluctuations in our public affairs.

" 7th. That the commissioners are profoundly impressed with the conviction that, under the exigencies of our present struggle for national existence, this great channel of intercourse, with its rich and invigorating streams of national commerce, and its unrivaled military facilities, is more than ever needed to preserve the American Union from political dissolution; that the pressure of the pending war, so far from affording any reason for delaying its prosecution, shows only the more its urgent necessity; that no time should be lost in securing its speedy completion by every reasonable effort; and that, in a crisis so grave as the present, the company and the country may properly and confidently rely on the government promptly to extend to the work any other aid and facility which the interests involved in its vigorous prosecution so evidently require.

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" 10th. That a committee, consisting of one member from each State and territory, and one from the members at large, be appointed by the president to apply to Congress for any auxiliary legislation which may be necessary and proper to facilitate and expedite the construction of the work which the present board was appointed to promote."

This report of the Committee on Business shows the light in which the proposed enterprise was regarded by the corporators. The sentiment of the convention reflected almost exactly that of Congress. The road was declared to be a "military necessity;" and Congress was complimented on having met this necessity so manfully, and in contributing so liberally to the construction of the road. The opinion, however, was universally expressed that further legislation was indispensable before the work of construction should be commenced. Great doubts were expressed whether, with such legislation, private capital could be induced to come forward in aid of the enterprise. In reference to the feeling of the convention, the following letter, signed by its officers, and addressed to the president of the Union Pacific Company, is annexed:

" NEW-YORK, January 25, 1871.

" OLIVER AMES, ESQ., *President Union Pacific Railroad Company* :

" SIR : In reply to your letter of the 20th instant, making inquiries as to the views of the Chicago convention of corporators of the Union Pacific Railroad

in reference to this work, and of the relations of the government to the same, we would state that its sentiments were well expressed in the resolutions, or report of the Business Committee. The conviction was universal that the provisions made by government for the work were wholly inadequate, and that further legislation must be had to induce private capital to come forward in its aid. A committee, consisting of one corporator from each loyal State and territory, was appointed to visit Washington to solicit additional and more favorable legislation. In the ignorance which prevailed as to cost of the work, and the difficulties in the way of construction, no definite plan of further aid was matured; but it was the conviction on all sides that the burden of the enterprise rested upon the government; that it should stand by the company in any emergency that might arise."

"Immediately after the adjournment of the convention, the officers appointed by it opened, November 5th, 1862, as directed, books of subscription to the capital stock of the company in every loyal State and territory in the United States, giving, through the public prints, ample notice thereof. These books were returned with subscriptions amounting to only \$2200. The officers thereupon commenced a *personal* canvass for the purpose of raising the amount necessary to a permanent organization. They corresponded with the leading corporators, visited the neighboring cities, and made every effort in their power to induce capitalists to subscribe to the stock. Not many, however, could be found patriotic enough to risk any considerable sum in an enterprise the success of which was regarded as more than doubtful. The undersigned never urged subscriptions on any other ground but that of the public good, sharing themselves in the conviction which almost universally prevailed. After working for more than a year, subscriptions to the amount of \$2,000,000 were at length obtained, a large amount of them being prompted by sentiments of patriotism or duty, and for the purpose of saving the charter, about to be lost by lapse of time; and on the 25th of September, 1863, the undersigned called a meeting of the subscribers, in New-York, on the 29th day of October following, for the purpose of forming a *permanent* organization.

"At this meeting, the feeling in reference to the enterprise was similar to that which prevailed at Chicago. The condition of the country, however, had much improved. Considerable information in reference to the character of the route had been obtained; but it was still felt that without further and important legislation, the work of construction should not be commenced. The precise nature of the legislation to be asked for was not specified, for the good reason that it was not then known what might be required. Without the legislation that was finally obtained, the undersigned do not believe that the work of construction should or would have been commenced.

"We are, very respectfully,

WILLIAM B. OGDEN,

"President Provisional Organization.

"HENRY V. POOR,

"Secretary of Provisional Organization."

The company, immediately upon its organization, took steps to obtain such further information as would enable it to deter-

mine the question of route, particularly across the great barrier of the Rocky Mountains; and also as to the existence of coal in the interior; for, in a woodless country, such as is that which extends all the way from the Missouri River to the Sierra Nevada range, unless coal could be found in abundant supply, the road could never be run if built. While preparations to obtain such information were going on, application was made to Congress, which assembled within about a month after the formation of the company, for further aid. The aid asked for was a release from the drawback of twenty-five per cent, provided in the first bill; an additional land grant; and that the company might issue its own bonds, equal in amount to the government subsidy, and that such bonds might be secured by a first mortgage on the road, taking precedence of those issued by the government. To meet the application for further aid, bills were reported in both Houses of Congress. The Senate bill proposed a complete change in the existing law. It provided that no government bonds should be issued, but that, for the purpose of raising the money for the construction of the road, the companies, Union Pacific and Central Pacific, might issue their corporate bonds to the amount of \$24,000 per mile for that portion of the road lying west of the 100th meridian, and to the eastern base of the Rocky Mountains; for the mountain districts, they were authorized to issue bonds to the amount of \$96,000 per mile; and \$48,000 per mile for the space between the two great mountain ranges. Upon these bonds the government was to pay interest, at the rate of six per cent in gold, for twenty years. The government did not make itself liable for the principal—only for the interest on the bonds. Its absolute liability by this bill equaled about \$50,000,000. BUT, IN THE CASE OF NON-PAYMENT OF INTEREST BY THE COMPANY, THERE WAS TO BE NO FORECLOSURE, AT LEAST TILL THE END OF TWENTY YEARS. The language of the Senate bill in reference thereto was as follows:

“On the payment by the United States of any interest on the bonds so guaranteed by them, the proper coupons therefor, or other evidence of such payment, will be delivered to the Secretary of the Treasury, who shall hold the same for the use and benefit of the United States; and such interest, and

the interest thereon at the rate of six per cent, *shall also remain a lien on all the property embraced in said first mortgage in favor of the United States.*

As the Senate bill did not become a law, that body finally adopting the House bill, it will not be necessary to refer to the debates upon the former. They were full and elaborate, and of the same character as those already referred to. Both the debates and the bill, however, show most conclusively the construction put by the Senate upon the existing one—that the provision for the interest was to be the government transportation, and the excess of such interest over such transportation, the five per cent of net earnings, was *not* to be paid till the principal should fall due.

The House, or amended bill of 1862, was taken up in the House June 16th, 1864. Its provisions were stated by Mr. Stevens, Chairman of the Railroad Committee, to be as follows, (see *Congressional Globe*, 38th Congress, page 3154:)

“What does this bill propose? It does propose concessions of great value to the railroad company. It proposes to make a work much greater than if it were attempted through or over the Alps. (Referring to the Mont Cenis tunnel, then being undertaken by the French government.) It proposes great concessions for the road to work under; for under the old bill it could not work at all. I admit that the committee (reporting the bill) did know and believe, did intend by this bill, that the government should aid this company somewhat more than by the old bill, or it would be idle for us to pass it. The original bill was passed here after a great struggle, and it was a mere patchwork. I remember the struggle well; the bill, as passed, had many imperfections, and the company could not work under it. . . .

“The company now ask that we should double the number of the bonds, and the Senate actually passed a bill guaranteeing the payment of interest in coin for twenty years on double the amount of bonds which the United States originally granted. Your committee (which reported this bill) came at once to the determination not to burden the nation, at this time, with any further liabilities or obligations. They said to the company, Take the land you choose; it is worth nothing to the government; it is not held out for sale; it is worth nothing except it becomes populated, and as you populate it, you do us a benefit: do not ask us for more bonds. We will take off some of the restrictions, and make the conditions lighter, so as to enable you to go on with the work. What then did we do? We agreed to take off the first restriction—the one-fourth of the subsidy reserved in the old bill, until the whole road was finished. We agreed also to double the amount of land. \* \* We also allowed the company to issue its own bonds, and give a first mortgage; but that does not take a dollar from the government now. It

does not weaken the government in carrying on the war and defraying its expenses. The only doubt is, whether this road will bear two mortgages. It is very clear that, unless the second mortgage is to be got in this way, the road will never be finished, and will never earn a dollar. I doubt not that, when this road is finished, and the vast travel between the two oceans sets in over it; when the business not only of this country, but the commerce of the far East shall be brought across this continent, to the population on this side of the Rocky Mountains, and on its way to Europe, as it will be the only short thoroughfare, the road will be so productive as not only to pay all its liabilities, but to make its stock very valuable. Then, sir, I say, that both mortgages will be fairly paid in time, and, although the bonds of the government may be postponed to the others, it will receive vast advantages from the very fact that the road is finished, and pours the wealth of California into its coffers, besides keeping the Union as it now is. . . . If the road is built, there must be some advantages given. . . . I think, under all circumstances, we have done about as little as we could do, if any thing at all was to be done to enable the company to build this road. I have no hesitancy in saying that the whole question, whether it is to stop, depends altogether upon the action of the House upon this bill."

The House bill of 1862 was taken up in that body June 16th, 1864. Among the amendments proposed was one by Mr. Holman, of Indiana. (See *Congressional Globe*, 38th Congress, page 3021.)

"That said road shall be a public highway, and shall transport the troops and property of the United States; which transportation thereof shall be required free of toll or other charge."

Mr. Holman argued, in support of his amendment, that, as government was to pay the interest on its bonds, the road should be required to do its business without charge. Mr. Stevens, who was the leader of the bill in the House, replied as follows, (see *Congressional Globe*, 38th Congress, page 303:)

"The original charter provides for the transportation of troops and munitions of war. The transportation was to be charged and credited on the interest that the government may pay on the bonds. The work was not to be done free of charge. The companies were allowed to charge for it, and the charge was to be credited on the government bonds. . . . I submit whether it will be fair to alter the fundamental condition on which the road was established, so as to take away all the profits of the road from the government business. After the road is built, I have no doubt the receipts from the



business of the government will be very large between its eastern and western empire. It will go very far, I have no doubt, toward paying the interest on the government bonds. I hope every facility will be given by the government for the building of this road, and least of all that it will not violate the charter under which this company was organized."

Mr. Holman, in reply :

"The company can never compensate at all for our outlay, except in the mode which I have indicated in my amendment ; that is, by transporting the property and troops free of charge. We have no other benefit at all. We all talk of it as a military road."

Mr. Steele :

"The gentleman (Mr. Holman) must be aware that for every dollar the nation invests in the construction of this road it will receive a handsome return. The advantages accruing from the construction of this road will, in a few years, be equivalent to a thousand dollars for one."

"This is a great public work. After the bill was passed by the last Congress, the men who took an interest in it sought to obtain subscriptions to the stock. Many were induced to subscribe without any idea of ever having a valuable investment in it. They did it as a matter of patriotism."

After a long debate, the character of which is fully shown by the foregoing extract, Mr. Holman's amendment was rejected.

Mr. Washburn, of Illinois, said,

"I oppose the bill on the ground that the company is not compelled, in consideration of what government does toward the building of the road, (and it does almost every thing !) to carry troops, munitions of war, supplies, public stores, etc., free of charge or toll, but is to be charged the same price as private companies. . . . We have donated, as I have already stated, millions upon millions of acres of the public lands for this purpose. We then proposed to give our bonds, with the interest thereon to the amount of ninety-six millions of dollars."

Mr. Price, of Iowa, said, in reply, (see *Congressional Globe*, p. 3154, 38th Congress,)

"I do not believe that there is one man in five hundred who will invest his money, and engage in the building of this road, as the law now stands ; and we must hold out inducements to them to join in the undertaking. We must grant such facilities for going on in the construction of the road as may be needed ; that is all we have done in this bill. It does not take an additional dollar out of the treasury of the United States."

After a prolonged debate of the same character as that indicated, the bill passed by a vote of seventy to twenty-eight. It was too late in the session for the House bill to be considered in the Senate; the latter body insisted upon its own bill. A committee of conference was appointed, which adopted substantially the House bill, which finally became a law on the 2d of July, 1864.

Such is a brief history of the two acts of Congress for the construction of the Pacific Railroad. There are two modes of determining their provisions and meaning. The first is, to take the words used in their plain and obvious sense, and to assume them to express the object and intent of Congress. This mode excludes all evidence not contained in the acts themselves. The act of 1862 is entitled, "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean; and to secure to the government the use of the same for postal, military, and other purposes." Now, postal and military functions, in this country, belong exclusively to the federal government. No individual or company can exercise them. The object of the railroad was to aid the government in the performance of its legitimate and imperative duties; the company was required to give the former the preference in the use of the road, and to maintain the same for the transportation at all times of mails, troops, munitions and material of war. This obligation on the part of the company was an ample consideration for the aid extended by the government. Congress put its own value upon the advantages that were secured to it. The real adequacy or mutuality of the consideration could never have been determined by a direct calculation. The rapidity and ease with which, by the use of the railroad, large bodies of troops, with their *materiel*, could be moved to distant points, might well have been regarded by Congress as sufficient compensation for the part it undertook to perform, even if not a soldier nor a pound of government freight would ever be moved over the road. Our most expensive forts are never used. They are provided against contingencies that may never happen. They avert the very danger against which they are constructed. They are none the less

necessary because they are never attacked. So with the Pacific Railroad. It is, like forts, a military necessity. It is an indispensable arm of the government. It may never be used as such, no more than are the forts that guard the harbor of New-York, but, like those forts, it must always be maintained and ready for use. It saves both necessity of forts and armaments. To use the language of Mr. Phelps, "Without the road, an armament for a five years' war would have to be maintained on the Pacific coast." Congress consequently required the company to maintain the road, *constantly*, for the movement of troops and material at the shortest notice. Was it not the most reasonable thing that Congress could do, to expend its money on a work that would render forts and armaments unnecessary. So important was this work regarded as a *military* arm, that its maintenance by the company was required under penalty of its forfeiture to the government, in order that it might be maintained by it, to secure the object for which it was constructed. Its maintenance by the company, therefore, is to be taken as ample consideration for all the benefits it has received. Adding thereto the preference to be given in the matter of transportation, the agreement to carry at reasonable rates the government mails, troops, etc., etc., and the payment of a certain stipulated proportion of the net earnings, the adequacy of the consideration on the part of the company must be admitted by every reasonable mind.

The attorney-general has wholly misconceived the question at issue. The government undertook one thing—to provide a certain amount of money in aid of the construction of the railroad. In consideration thereof, the company undertook another, and an entirely *different* thing—to build the road, to do the government business at fair rates, to give it the preference, and to maintain the road at all times for government use. The agreement on one side, in short, was to pay money; on the other, to perform service. After the money is advanced the services can not be omitted except under penalty of forfeiture of the road. Their value can not be computed in money. They can not be commuted by payment of money. Is the company to perform the stipulated services and

pay the interest on the bonds at the same time? Is it to be subjected to two penalties instead of one—to have the mortgage foreclosed for non-payment of interest, and forfeited for non-performance of the stipulated services? If the company is to be credited with the cost of maintenance of the road for government, how is the proportion of the cost chargeable to government to be ascertained? Where is the tribunal to make the division? We should like to see the attorney-general adjust this question of *general average*. The assumption that the company is to maintain the road and pay the interest, is really too ridiculous to be combatted. They carry on their face their own refutation. There can be no solution of such questions as these but by reference to the plain and obvious meaning of the act. The moment they are raised both government and the company are wholly afloat—are thrown into inextricable confusion. The act has adjusted and settled all those questions plainly and equitably. There can be no doubt as to its meaning. There never was a doubt till it was raised by the attorney-general himself.

The second mode of construing the bill is to go outside of its language and to gather its meaning from the arguments and declarations made use of on its passage. These were drawn from the condition of the country at the time; the necessity of the road as a military arm of the government; the saving that would be effected in government transportation; the influence it would exert in promoting the settlement of immense areas of our wide domain; the stimulus it would give to the commerce of the country by opening up a communication to the Pacific coast; its social necessity; the importance of securing individual capital and enterprise in its construction, and the terms upon which such capital and enterprise could be secured. Now the attorney-general goes outside of the act for the evidence upon which he bases his argument; or, rather, he does not go *inside* of it for any thing. He says, "When we look at the whole matter and see how *much* the government does for the company, and how *little* the company is required in return to do for the government, we must conclude that the govern-

ment and the company are substantially in relation of *donor* and *donee*. . . . I regard the Union Pacific Railroad Company as substantially an act of bounty on the part of the government, and, consequently, that as soon as the government pays money for the company, the company is bound to reimburse the government." These extracts state his whole argument. He regards "the Union Pacific Railroad as a bounty of the government." What are the facts? Upon what are his regards based? Upon the little that the company does for the government, in comparison with what the government does for the company. Has he made a computation of the reciprocal *doings* on either side? Where is his evidence to show the *much* on the one side and the *little* on the other? It must be outside the act. Why did he not state what the evidence was? The attorney-general, though basing his argument on the equities of the case, knows nothing of the case or of its equities. His decision is as incoherent and absurd as is his argument. Both indicate an utter ignorance of the reasons of the act, as well as the act itself, and both are childish and puerile to the last degree.

What is the outside evidence? We will recapitulate it as stated by members of Congress themselves:

Mr. Sargent, (of the House :)

"This work is a military necessity, and as properly the subject of legislation as forts and sea-board defenses. We must have an accumulation (on the Pacific) of ordnance, ammunition, and *materiel* of war sufficient to maintain a five years' war, or we must have a railroad connecting the Atlantic States with those of the Pacific." (Page 10.) "If (foreign) war should occur, the cost of keeping our Pacific possessions without the road would be treble the cost of the latter." (Page 11.) "The interest on the bonds to be issued will be less than \$4,000,000; our yearly expenses for mails and transportation are over \$6,000,000 annually. The saving will be \$2,000,000 annually." (Page 11.)

Mr. Campbell :

"The road is a necessity to the government." (Page 16.) "I have shown that the army and navy transportation, and postal service to the Pacific coast, cost the government \$7,357,781 annually. The aggregate interest, when all the bonds shall be issued, will amount to \$3,892,080. Take, then, the annual interest from the annual expenditure, and we have left a sinking fund

of \$3,468,701—a sum more than sufficient to extinguish the bonds before they come due.” (Page 16.) “If capitalists will come forward and advance one half of the amount necessary for this great enterprise, the government is doing but little in aiding the company to the extent of the other half.” (Page 16.) “The bill is based on the supposition that the transportation of government supplies over the road will equal, if not greatly exceed, the interest on the bonds from year to year.” (Page 23.)

Mr. Phelps :

“We must have a railroad across the continent by which troops and munitions of war can be rapidly transported to that coast, or we must maintain a sufficient force there in time of peace to meet the exigencies of war. To keep a standing army on that coast necessary for its protection, for a few years only, would equal the entire cost of a first-class railroad from the Mississippi to San Francisco. We must elect between the alternative of a large standing army on the Pacific, or that of supplying the means of transporting an army there, in case of an emergency.” (Page 18.)

Mr. Kelley :

“The expense of land transportation alone of the annual supplies of such an army as it would be necessary to maintain there (on the Pacific coast) in the event of war, and in case our communications were cut off by sea, would exceed \$20,000,000 annually. In point of fact, however, supplies for such an army could not be transported across the continent,” (without a railroad.) (Page 20.) “Is it necessary that we should maintain the integrity of the country? If it is, then we must provide the means of knitting it together.” (Page 20.)

Mr. White :

“This road is to be the highway of the nation. I think that this (aid) will turn out a mere *bonus* to the Pacific Railroad, as it ought to be.” (Page 23.)

Mr. Stevens :

“The bill proposes concessions of great value to the company; for under the old bill the company could not work at all. The committee reporting the bill intended that government should aid the company somewhat more than by the old bill, or it would be idle for us to pass this. We have done as little as we could do, if any thing at all was to be done to enable the company to build the road.” (Page 40.)

Mr. Price :

“I do not believe there is one man in five hundred who will invest his money in building the road as it now stands. We must grant such facilities for going on in the construction of the road as may be needed.” (Page 42.)

Mr. Latham, (of the Senate :)

"The annual cost in time of peace of the transportation of troops and munitions of war may be set down in round numbers at \$7,300,000. The interest on the loan will be \$3,900,000. The net saving will be \$3,400,000 annually, showing beyond controversy that the government will not have to pay a dime on account of the work." (Page 26.)

Mr. Wilson :

"I would sink \$100,000,000 to build this road, and do it most cheerfully." (Page 26.) "I do not want to put any thing in the bill that shall prevent men putting their money into this road. I do not expect any of our money back." (Page 28.) "You provide in the bill that the road shall do certain work for the government by way of payment—carry the mails, munitions of war, etc. Now," (referring to Mr. Collamer's amendment,) "you strike out these provisions," (that the government should pay for its transportation,) "and make it absolute that, if the road can not redeem its bonds, it is to be forfeited, and the government takes possession. There is not a man in America that will put a dollar into the road under these circumstances." (Page 31.)

Mr. McDougall :

"Let me say that if this road is to be built not merely by money advanced by government, but by money out of the pockets of individuals, why should government draw from the pockets of private citizens \$50,000,000 to be embarked in an enterprise that will have no net proceeds—that will pay not a cent of dividends? The interest on the bonds can at no time equal the services to be rendered by the road. The government really requires no service except compliance on the part of the company with the contract made. It was not intended that there should be a judgment for foreclosure and sale of this road on failure to pay. The failure to perform the contract for services was another thing. The penalty for this is forfeiture of the road. It is the business of the government to pay the interest, because we furnish the transportation." (Page 34.)

Such were the arguments in favor of the bill. They were repeated with equal force, over and over again, by its advocates in either house. In both, the question of payment of interest was squarely presented and met—in the House, on Mr. White's amendment that the company should pay the interest on the bonds as it accrued; and in the Senate, on Mr. Collamer's motion to strike out the clause providing for the payments to be made "as hereinafter provided." In the debates that followed both of these propositions, it was claimed that the government, not the company, was to pay the accruing inte-

rest, in consideration of the advantages it was to derive from the construction of the road, and in both houses the propositions were voted down expressly on these grounds.

In opposition to the bill it was argued, not that government was not to pay the interest, but that the appropriation was inopportune; that the road must prove unproductive, and that the whole investment in it would be lost.

Mr. Morrill, of the House, in opposition, said :

"There is not a capitalist that will invest a dollar in it, if he is responsible for its construction. If the road were built to-day, therefore, and given to the United States, the United States are not in a condition to accept it, even as a gift, if compelled to run it." (Page 21.)

Mr. Pike :

"I ask, where is the great interest in this country that is to furnish \$75,000,000? Can any gentleman tell me? There is no travel to the Pacific coast to justify it." (Page 22.)

Mr. Holman :

"The company can never compensate for our outlay, except in the mode I have indicated in my amendment; that is, by the transportation of persons and property. We have no other benefit at all." (Page 41.)

Mr. Collamer :

"The only provision for payment is setting apart five per cent of the net proceeds, and the transportation of the government troops and mails." (Page 30.)

Mr. Washburn :

"I oppose the bill on the ground that the company is not compelled, in consideration of what the government does toward building the road, to carry troops, munitions of war, etc., free of charge or toll, but is to be charged the same price as private companies." (Page 42.)

What was the construction put upon the act by the company, and what was its action under it? It declared the road to be a government necessity, to be carried forward by government aid, that the provisions made in the original act were entirely inadequate to the undertaking. A committee was appointed to obtain such further aid. This was granted,



as Mr. Stevens said, as the only condition on which the work could go forward. The most important of these concessions was allowing the company to retain one half of the transportation charges, and the preference to be given to its own mortgage. The government throughout stood precisely in this position: "We must have the road, cost what it may. Upon what terms will capitalists come forward and build it?" The company named the terms, government accepted them; the work then went forward to completion; and every one knows how rapidly.

How do the same parties now stand? Government has the use of the road, and saves, yearly, more than twice the interest on its bonds. It is receiving at least twelve per cent, annually, on its entire investment. What has the company got so far? Nothing; nor is it likely to receive any thing at present. The road has cost a great deal more than was anticipated. Other securities have been issued to provide more means. The profit to the company is in the value of its stock. This is not likely, according to present appearances, to be immediately valuable. Taking, therefore, all the facts of the case into consideration, we ask, Is it not incredible that the company should have done so much for the government, and the government so little for the company; and if the relation of *donor* and *donee* exists, whether the company is not the donor and the government the donee, and whether the exact reverse is not true of every position taken by the attorney-general?

Again, the amended bill provides that the government, instead of crediting the whole amount of transportation charges on account of the interest and principal of the bonds, was to pay over one half of the same to the company. This was a provision inserted in the amended bill for the *benefit* of the company. Now, if it was to pay the interest, as it fell due, no benefit was secured by this provision, as the company would be compelled to pay the sum immediately back to the government, to be credited on account of interest. Is it credible that any such a clause would have been inserted, if it were intended that the company was to pay the interest? Such kind of

legislation is impossible by sane minds, and such a construction of the statute would not be entertained, for a moment, in any circumlocution office in the world, always excepting that of the attorney-general.

The saving to the government from the construction of the road has been far greater than was ever anticipated. Previous to its construction, the government transportation on a peace footing, over the line of the proposed road, exceeded \$7,000,000 annually. The railroad has reduced this sum to an amount almost nominal. The saving effected measures the value to government of the road. *The less the charges of transportation by it, the greater such value.* Like a fort, it averts all danger or apprehension of attack, by the ease with which, by its use, such attack could be repelled. The road, in this way, saves the necessity of maintaining great armaments in the interior and on the Pacific coast—armaments that, but for the road, would undoubtedly be now costing \$10,000,000, yearly. The cost of transportation by wagons over the plains is fifteen times greater than by the railroad. This fact tells the whole story. In the matter of the transportation of mails, it was impossible, without the road, for the government to perform, at any cost whatever, the services it now receives. The mails are now transported in four days from the Missouri River to the Pacific Ocean. Before the road was built, the time required was twenty days, and only a very small amount of matter could be taken at that. The old overland wagon route, too, was liable to constant interruptions from hostile tribes of Indians, and from frequent storms in the mountains.

The saving to government by the construction and use of the Pacific railroads measures, unfortunately, their loss. Could they have charged government the old wagon prices, they would have paid the government bonds—principal and interest—long before they fell due. As it is, a large amount of interest will now have to be added to the principal, upon the payment of the latter. The stronger, therefore, the apparent case for the government upon the smallness of the charges against it for transportation, the stronger really the case for the railroad companies. It is not now proposed

go into this matter to see what these charges amount to. It would certainly have been a grave cause of complaint if the railroads had not effected an immense reduction in the cost of the government service. The reduction that has been effected shows that they have proved of far greater value than was ever anticipated.

The commercial or economical advantages that have resulted from the construction of this great work, after all, constitute its greatest claim to favor. The commerce of the United States is the creation of railroads. The advantage derived from the construction of any road may, in part at least, be easily stated. Our railroads transport, on an average, 1500 tons to the mile of line. This tonnage is worth \$150 per ton. The construction of a railroad of 100 miles in length creates a tonnage having a value of \$22,500,000. There are in round numbers 50,000 miles of railroad in the United States. Their annual tonnage equals 75,000,000 tons, having a value of \$11,250,000,000. At the same rate the tonnage of the Pacific Railroad and its branches, (the total mileage being 2400 miles,) is 3,600,000 tons, the value of which is \$540,000,000. Such is the contribution which this road makes yearly to the commerce of the country. Such a result is a part of the advantages which were anticipated from the construction of this road, and was one of the inducements to its construction, and has undoubtedly compensated, five-fold, the nation for any aid it may have extended to it.

But this statement by no means covers the whole ground. In addition to the 2400 miles which make up the Pacific railroads, these works have been directly instrumental in the construction of 5000 miles of line which, but for the former, would not have been built. When the Pacific Railroad was fairly commenced, in the latter part of 1864, there were in the States and territories of Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, Wyoming, Utah, Nevada, and California, 2405 miles of railroad. On the 1st day of January, 1871, there were 10,567 miles!

The following statement will show the population in 1860

and in 1870 of the States and territories lying west of the Missouri river traversed by the Pacific Railroad or its branches; the number of miles of railroad in these States and territories on the first day of January, 1861; on the first day of January, 1865; and on the first day of January, 1871.

	1860. Population.	1870. Population.	1860. Miles of Railroad.	1865. Miles of Railroad.	1871. Miles of Road.
Missouri.....	1,182,012	1,715,000	933	925	2140
Iowa.....	674,913	1,191,802	711	891	2550
Minnesota.....	172,023	465,511	..	213	972
Nebraska.....	28,841	123,000	..	122	588
Kansas.....	107,206	362,871	..	40	1510
Colorado.....	24,277	39,706	..	..	368
Utah.....	40,273	86,786	..	..	364
Wyoming.....	....	9,118	..	..	492
Nevada.....	6,857	43,491	..	..	593
California.....	379,994	560,285	23	214	999
	<u>2,616,396</u>	<u>4,597,570</u>	<u>1,667</u>	<u>2,405</u>	<u>10,576</u>

The increased mileage of railroad in these States and territories in ten years has been 9000 miles; in six years it has been 8171 miles. Deducting that of the Pacific Railroad, constructed in the mean time, the increase has been 5977 miles. Of this mileage, the construction of more than two thirds, or say 4000 miles, has been directly and wholly due to the construction of the Pacific Railroad. The moment it was seen that these works were to be carried through, all the States west of the Missouri immediately commenced the construction of railroads for the purpose of forming connections with them or their branch lines. The vast system of railroads in the interior was carried three hundred miles further west within five years after the construction of the Pacific road. The tonnage of the roads whose construction was due to the Pacific lines, at the average of the whole country, would equal 6,000,000 tons. Suppose their tonnage to equal, at present, only half this average, or 3,000,000 tons, its value then would be \$550,000-000 annually. But the tonnage of these roads will speedily equal the average for the whole country. Its value will then equal more than \$1,000,000,000 annually.

But even this by no means states the whole case. The in-

crease of population of the States and territories named has within ten years been 2,000,000. More than one half of this increase has been due to the construction of railroads. There can be no doubt that the population of the United States is fully 1,000,000 greater than it would have been, had not the Pacific railroads been constructed. These works, with the 4000 miles which they have been instrumental in building, have attracted vast numbers to our shores. The home population at the same time increases, as a rule, in direct ratio to the opportunities for labor and means of subsistence that are supplied. Now, the rate of taxes paid by our whole population averages \$10 per head. The addition to the public revenues due to the Pacific Railroad, consequently equals \$10,000,000 annually, a sum largely exceeding the whole amount of interest on the government bonds.

It is hardly possible to estimate, sufficiently highly, the value of a railroad which spans the continent, opens up the mineral wealth of the interior, and brings us face to face, and into commercial relations, with four hundred millions of people in the old world. We can not fully appreciate the immense commercial advantages that the Pacific Railroad has secured to the nation. Suffice to say that the latter is already more than compensated for all the advances it has made, even if not a dollar either of principal or interest of the amount advanced should be returned. These advantages exceed many-fold all that the most enthusiastic advocates dared to predict or hope. The nation has been compensated most amply for the aid it has extended, and should now extend the most liberal policy to the companies that have done so much for it.

The early settlements in this country necessarily followed the lines of its navigable water-courses. Where these did not exist, settlements were impossible, or rather where made, were of no commercial importance. Who can estimate the value and influence of the Great Lakes and the Mississippi River in the progress and development of this country? They have changed its whole face and destiny. But what was to be done where no such natural highways existed? One half the conti-

nent is without them. Was it to remain forever a desert? Was it not the duty of the government to correct the oversight of nature, and provide artificial highways where no natural ones existed? Can there be a doubt of this? From the Missouri River to the Bay of San Francisco, a distance of nearly 2000 miles, the vast region, including more than one half the breadth of the continent, is inaccessible except by means of railroads. It has been made accessible by the Pacific roads, constructed by the aid of the government, precisely upon the theory stated. What has been gained by such a step? More than 400,000 square miles, heretofore inaccessible, have been opened up to settlement and commerce. Who can estimate the future value of this vast region, for we have a right to assume that any lack of agricultural resources will be fully compensated by its mineral wealth. There is already abundant evidence that such will be the case. No estimate can be put upon its value, no more than the value of the railroads of the West could have been estimated twenty years ago.

It is precisely in such case as the present that it is the duty of the government to interpose. The territory in question could not be reached over natural highways. The pioneer could not construct artificial ones. The capitalist would not. The nation can not afford to allow vast acres of its territory to lie waste, simply for the want of means of access to it; and when all equally share the benefits, all should equally bear the burden. Government in fact could well have afforded to build every mile of railroad in operation in the United States, if they could have been constructed in no other way, even without the expectation of the return of a single dollar in dividends. The value of the commerce of these roads exceeds \$10,000,000,000 annually. It has been relieved of this task, fortunately, by private enterprise and capital. But private enterprise and capital can not go beyond a settled country. Where it can not and will not go, there the duty of the government begins. In the present case, the Government has only performed a duty—a duty which will always rest upon it, to leave no extensive portion of territory owned by it without the proper means of access.







